

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

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2007 JUN -5 A 10: 55

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
UNS GAS, INC. FOR THE ESTABLISHMENT
OF JUST AND REASONABLE RATES AND
CHARGES DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE
FAIR VALUE OF THE PROPERTIES OF
UNS GAS, INC. DEVOTED TO ITS
OPERATIONS THROUGHOUT THE STATE
OF ARIZONA.

Docket No. G-04204A-06-0463

IN THE MATTER OF THE APPLICATION OF
UNS GAS, INC. TO REVIEW AND REVISE
ITS PURCHASED GAS ADJUSTOR.

Docket No. G-04204A-06-0013

IN THE MATTER OF THE INQUIRY INTO
THE PRUDENCE OF THE GAS
PROCUREMENT PRACTICES OF UNS
GAS, INC.

Docket No. G-04204A-05-0831

NOTICE OF FILING

The Residential Utility Consumer Office ("RUCO") hereby files final schedules in the
above-referenced matter.

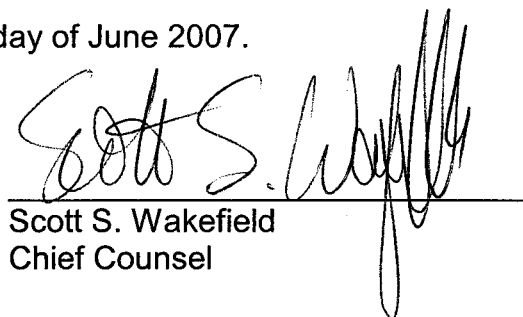
Arizona Corporation Commission
DOCKETED

JUN -5 2007

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1 RESPECTFULLY SUBMITTED this 5th day of June 2007.

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4 
Scott S. Wakefield
Chief Counsel

5 AN ORIGINAL AND SEVENTEEN COPIES
6 of the foregoing filed this 5th day
7 of June 2007 with:

8 Docket Control
9 Arizona Corporation Commission
10 1200 West Washington
11 Phoenix, Arizona 85007

12 COPIES of the foregoing hand delivered/
13 mailed this 5th day of June 2007 to:

14 Lyn Farmer
15 Chief Administrative Law Judge
16 Hearing Division
17 Arizona Corporation Commission
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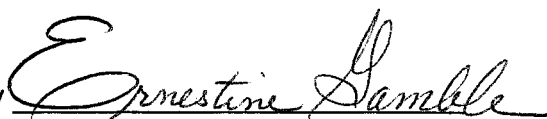
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FINAL
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		OPERATING INCOME ADJUSTMENT NO. 21- LEFT BLANK
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**FINAL
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) ORIGINAL COST		(B) COMPANY AS FILED		(C) FAIR VALUE		(D) ORIGINAL COST		(E) RUCO REVISED SURREBUTTAL RCND		(F) FAIR VALUE	
1	Adjusted Rate Base	\$	161,661,362	\$	220,694,068	\$	191,177,714	\$	144,646,160	\$	197,732,117	\$	171,189,139
2	Adjusted Operating Income (Loss)	\$	8,428,981	\$	8,428,981	\$	8,428,981	\$	10,219,499	\$	10,219,499	\$	10,219,499
3	Current Rate Of Return (Line 2 / Line 1)		5.21%		3.82%		4.41%		7.07%		5.17%		5.97%
4	Required Operating Income (Line 5 X Line 1)	\$	14,223,179	\$	14,223,179	\$	14,204,479	\$	11,889,914	\$	11,889,914	\$	11,889,914
5	Required Rate Of Return		8.80%		6.44%		7.43%		8.22%		6.01%		6.95%
6	Operating Income Deficiency (Line 4 - Line 2)	\$	5,794,198	\$	5,794,198	\$	5,775,498	\$	1,670,416	\$	1,670,416	\$	1,670,416
7	Gross Revenue Conversion Factor (Schedule RLM-1, Page 3)		1.6649		1.6649		1.6649						1.6370
8	Increase In Gross Revenue Requirement (Line 7 X Line 6)	\$	9,646,901	\$	9,646,901	\$	9,615,767	\$		\$		\$	2,734,443
9	Adjusted Test Year Revenue						47,169,528						47,280,434
10	Proposed Annual Revenue Requirement (Line 8 + Line 9)						56,785,295						50,014,877
11	Required Percentage Increase In Revenue (Line 8 / Line 9)						20.39%						5.78%
12	Rate Of Return On Common Equity						11.39%						9.84%

References:

Columns (A) Thru (C): Company Schedule A-1, C-1 And D-1
Column (D): Schedules RLM-2, RLM-3, RLM-6 And RLM-17
Column (E): Schedule RLM-2
Column (F): Average Of Column (D) + Column (E)

UNS Gas Corporation
Docket No. G-04204A-06-0463
Test Year Ended December 31, 2005

Schedule FINAL RLM-1
Page 2 of 2

FINAL
GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	REFERENCE	(A)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:			
1	Revenue		1.0000
2	Less: Uncollectibles	Company Schedule C-3, Line 2	0.0051
3	Subtotal	Line 1 - Line 2	0.9949
4	Less: Combined Federal And State Tax Rate	Line 14	0.3840
5	Subtotal	Line 3 - Line 4	0.6109
6	Revenue Conversion Factor	Line 1 / Line 5	1.6370
CALCULATION OF EFFECTIVE TAX RATE:			
7	Arizona Taxable Income		1.0000
8	Arizona State Income Tax Rate		0.0697
9	Federal Taxable Income	Line 7 - Line 8	0.9303
10	Applicable Federal Income Tax Rate		0.3400
11	Effective Federal Income Tax Rate	Line 9 X Line 10	0.3163
12	Subtotal	Line 8 + Line 11	0.3860
13	Revenue Less Uncollectibles	Line 3	0.9949
14	Combined Federal And State Income Tax Rate	Line 12 X Line 13	0.3840

FINAL
FAIR VALUE RATE BASE - OCRB / RCND (50/50 SPLIT)

LINE NO.	DESCRIPTION	COMPANY AS FILED			OCRB/RCND % DIFF.	RUCO REVISED SURREBUTTAL		
		(A) OCRB	(B) RCND	(C) FVRB		(E) OCRB	(F) RCND	(G) FVRB
1	Gross Utility Plant In Service	\$ 279,169,694	\$ 374,243,421	\$ 326,706,558	134.06%	\$ 268,847,200	\$ 360,405,510	\$ 314,626,355
2	Accumulated Depreciation	(72,006,708)	(97,114,865)	(84,560,787)	134.87%	(78,719,575)	(106,168,455)	(92,444,015)
3	Net Utility Plant In Service	<u>\$ 207,162,986</u>	<u>\$ 277,128,556</u>	<u>\$ 242,145,771</u>		<u>\$ 190,127,625</u>	<u>\$ 254,237,055</u>	<u>\$ 222,182,340</u>
4	Citizens Acquisition Discount	\$ (30,709,738)	\$ (41,822,562)	\$ (36,266,150)	136.19%	\$ (30,709,738)	\$ (41,822,562)	\$ (36,266,150)
5	Accumulated Amortization	1,876,981	2,560,308	2,218,645	136.41%	1,628,094	2,220,812	1,924,453
6	Net Citizens Acq. Disc.	<u>\$ (28,832,757)</u>	<u>\$ (39,262,254)</u>	<u>\$ (34,047,506)</u>		<u>\$ (29,081,644)</u>	<u>\$ (39,601,750)</u>	<u>\$ (34,341,697)</u>
7	Total Net Utility Plant	<u>\$ 178,330,229</u>	<u>\$ 237,866,302</u>	<u>\$ 208,098,266</u>		<u>\$ 161,045,981</u>	<u>\$ 214,635,305</u>	<u>\$ 187,840,643</u>
Deductions:								
8	Cust. Advances For Const.	\$ (7,283,595)	\$ (7,786,962)	\$ (7,535,279)	106.91%	\$ (7,283,595)	\$ (7,786,962)	\$ (7,535,279)
9	Customer Deposits	(3,040,484)	(3,040,484)	(3,040,484)	100.00%	(3,040,484)	(3,040,484)	(3,040,484)
10	Acc. Deferred Income Taxes	(6,484,809)	(6,484,809)	(6,484,809)	100.00%	(6,484,809)	(6,484,809)	(6,484,809)
11	Total Deductions	<u>\$ (16,808,888)</u>	<u>\$ (17,312,255)</u>	<u>\$ (17,060,572)</u>		<u>\$ (16,808,888)</u>	<u>\$ (17,312,255)</u>	<u>\$ (17,060,572)</u>
12	Allowance - Working Capital	\$ (1,045,146)	\$ (1,045,146)	\$ (1,045,146)	100.00%	\$ 120,969	\$ 120,969	\$ 120,969
13	Regulatory Assets	\$ 1,204,887	\$ 1,204,887	\$ 1,204,887	100.00%	\$ 307,819	\$ 307,819	\$ 307,819
14	Regulatory Liability	\$ (19,721)	\$ (19,721)	\$ (19,721)	100.00%	\$ (19,721)	\$ (19,721)	\$ (19,721)
15	TOTAL TEST YEAR RATE BASE	<u>\$ 161,661,361</u>	<u>\$ 220,694,067</u>	<u>\$ 191,177,714</u>		<u>\$ 144,646,160</u>	<u>\$ 197,732,117</u>	<u>\$ 171,189,139</u>

References:

Columns (A) (B) (C): Company Schedule B-1
Column (D): Column (B) / Column (A)
Column (E): Schedule RLM-3, Column (H)
Column (F): Column (D) X Column (E)
Column (G): Average Of Column (E) + Column (F)

**FINAL
SUMMARY OF ORIGINAL COST RATE BASE**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB	(B) RUCO ADJUSTMENT NO. 1	(C) RUCO ADJUSTMENT NO. 2	(D) RUCO ADJUSTMENT NO. 3	(E) RUCO ADJUSTMENT NO. 4	(F) RUCO ADJUSTMENT NO. 5	(G) RUCO ADJUSTMENT NO. 6	(H) RUCO ADJUSTED OCRB
1	Gross Utility Plant In Service	\$ 279,169,694	\$ (3,133,264)	\$ -	\$ -	\$ (7,189,230)	\$ -	\$ -	\$ 268,847,200
2	Accumulated Depreciation	(72,006,708)	(3,857,413)	(2,855,454)	-	-	-	-	(78,719,575)
3	Net Utility Plant In Service	<u>\$ 207,162,986</u>	<u>\$ (6,990,677)</u>	<u>\$ (2,855,454)</u>	<u>\$ -</u>	<u>\$ (7,189,230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,127,625</u>
4	Citizens Acquisition Discount	\$ (30,709,738)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (30,709,738)
5	Accumulated Amortization	1,876,981	-	-	(248,887)	-	-	-	1,628,094
6	Net Citizens Acq. Disc.	<u>\$ (28,832,757)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (248,887)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,081,644)</u>
7	Total Net Utility Plant	<u>\$ 178,330,229</u>	<u>\$ (6,990,677)</u>	<u>\$ (2,855,454)</u>	<u>\$ (248,887)</u>	<u>\$ (7,189,230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,045,981</u>
Deductions:									
8	Cust. Advances For Const.	\$ (7,283,595)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,283,595)
9	Customer Deposits	(3,040,484)	-	-	-	-	-	-	(3,040,484)
10	Acc. Deferred Income Taxes	(6,484,809)	-	-	-	-	-	-	(6,484,809)
11	Total Deductions	<u>\$ (16,808,888)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,808,888)</u>
12	Allowance - Working Capital	\$ (1,045,146)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,166,115	\$ 120,969
13	Regulatory Assets	\$ 1,204,887	\$ -	\$ -	\$ -	\$ -	\$ (897,068)	\$ -	\$ 307,819
14	Regulatory Liability	\$ (19,721)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,721)
15	TOTAL OCRB	<u>\$ 161,661,361</u>	<u>\$ (6,990,677)</u>	<u>\$ (2,855,454)</u>	<u>\$ (248,887)</u>	<u>\$ (7,189,230)</u>	<u>\$ (897,068)</u>	<u>\$ 1,166,115</u>	<u>\$ 144,646,160</u>

References:

Column (A): - Company Schedule B-2
Column (B): - Adjustment No. 1: RUCO Adjustment To Pre-Acquisition Gross Plant And Accumulated Depreciation (See RLM-4, Page 3, Lines 38 & 39)
Column (C): - Adjustment No. 2: RUCO Adjustment To Test-Year Accumulated Depreciation (See RLM-4, Page 5, Line 40)
Column (D): - Adjustment No. 3: RUCO Adjustment To Restate Accumulated Amortization On Citizens Acquisition. (See MDC-1)
Column (E): - Adjustment No. 4: RUCO Adjustment To Remove CWIP From Test-Year Rate Base (See Testimony, MDC And RLM-5, Line 39)
Column (F): - Adjustment No. 5: RUCO Adjustment To The Geographical Information System (See Testimony, MDC)
Column (G): - Adjustment No. 6: Allowance For Working Capital (See MDC-2)
Column (H): - Sum Of Columns (A) Through (G)

FINAL
TEST YEAR PLANT SCHEDULES

PRIOR TEST YEAR ENDED OCTOBER 29, 2002

LINE NO.	ACCT NO.	DESCRIPTION	(A) DEP. RATES	(B) DEP. RATES PER 58664	(C) PROPOSED DEP. RATES	(D) TOTAL PLANT SETTLEMENT	(E) PRIOR ACC. DEP. SETTLEMENT	(F) NET PLANT VALUE	(G) ACC ADJUSTMENT TO PLANT	(H) ACC ADJUSTMENT TO ACC. DEP.	(I) PER BOOKS ADJUSTED PRIOR TY PLT	(J) PER BOOKS ADJUSTED PRIOR ACC. DEP.
1	302	Intangible:										
2	303	Franchises & Consents	3.95%	4.00%	3.95%	\$ 371,375	\$ (137,681)	\$ 233,694	\$ -	\$ -	\$ 371,375	\$ (137,681)
3		Miscellaneous Intangible	5.84%	4.00%	5.84%	251,616	(151,955)	99,661	-	-	251,616	(151,955)
		Total Intangible Plant				\$ 622,991	\$ (289,636)	\$ 333,355	\$ -	\$ -	\$ 622,991	\$ (289,636)
4	365	Transmission:										
5	366	Land & Rights	-	-	1.38%	\$ 105,203	\$ 5	\$ 105,208	\$ (33,897)	\$ -	\$ 71,306	\$ 5
6	367	Structures & Improvements	7.27%	3.10%	1.55%	-	(5)	(5)	1,334	(1,329)	1,334	(1,334)
7	369	Mains	1.57%	2.57%	1.53%	11,080,124	(2,671,397)	8,408,727	2,900,215	84,706	13,980,339	(2,586,691)
8	371	Measuring And Reg. Equipment	1.61%	3.32%	1.54%	856,069	(270,221)	585,848	2,361,825	(88,596)	3,217,894	(358,817)
		Other Equipment	5.00%	3.64%	2.49%	-	(7,910)	(7,910)	183,581	-	183,581	(7,910)
		Total Transmission Plant				\$ 12,041,396	\$ (2,949,528)	\$ 9,091,868	\$ 5,413,058	\$ (5,219)	\$ 17,454,454	\$ (2,954,747)
10	374	Distribution:										
11	375	Land & Rights	-	-	0.93%	\$ 134,581	\$ -	\$ 134,581	\$ -	\$ -	\$ 134,581	\$ -
12	376	Structures & Improvements	1.77%	3.35%	1.93%	8,247	(10,949)	(2,702)	1,366	3,123	9,613	(7,826)
13	378	Mains	2.08%	2.92%	2.07%	120,601,071	(21,816,051)	98,785,020	1,531,339	(83,498)	122,132,410	(21,899,549)
14	379	Meas. And Reg. Equip. - General	3.03%	5.73%	2.97%	1,813,831	(639,150)	1,174,681	62,880	(70,876)	1,876,511	(710,026)
15	380	Meas. And Reg. Equip. - City Gate	2.39%	5.52%	2.36%	1,719,751	(524,902)	1,194,849	247,482	(211,561)	1,967,233	(736,463)
16	381	Services	2.85%	4.75%	2.82%	49,751,369	(14,212,476)	35,538,893	830,520	(801,890)	50,561,889	(15,014,366)
17	382	Meters	2.05%	2.86%	2.02%	9,704,378	(3,838,309)	5,866,069	5,168	(50)	9,709,546	(3,838,359)
18	383	Meter Installation	2.42%	2.86%	2.36%	4,516,786	(465,155)	4,051,631	2,716	(234)	4,519,502	(465,389)
19	384	Regulators	2.63%	3.77%	2.56%	1,850,681	(785,943)	1,065,138	589,255	(587,960)	2,439,936	(1,373,523)
20	385	Industrial Measuring Equipment	2.83%	3.77%	2.80%	284,404	(11,353)	273,051	257	(89)	284,661	(11,442)
21	387	Other Equipment	2.61%	3.82%	2.70%	785,500	(473,598)	311,902	90,723	(76,767)	876,223	(550,365)
		Total Distribution Plant	3.15%	3.64%	3.01%	\$ 724,235	(172,911)	\$ 551,324	677	(245)	\$ 724,912	(173,156)
		General:				\$ 191,894,834	\$ (42,950,397)	\$ 148,944,437	\$ 3,362,183	\$ (1,830,067)	\$ 195,257,017	\$ (44,780,464)
23	389	Land & Rights	-	-	4.93%	\$ 194,035	\$ -	\$ 194,035	\$ 496,357	\$ 5,618	\$ 690,392	\$ 5,618
24	390	Structures & Improvements	3.75%	3.10%	4.89%	813,839	(187,270)	626,569	3,886,835	(545,882)	4,700,674	(733,152)
25	391	Office Furniture & Equipment	4.24%	4.82%	4.24%	8,083,824	(3,734,401)	4,349,423	627,732	(296,743)	8,711,556	(4,031,144)
26	392	Transportation Equipment	25.00%	0.00%	14.71%	2,528,039	(1,177,129)	1,350,910	138,927	(138,927)	2,666,966	(1,316,056)
27	393	Stores Equipment	3.03%	2.27%	3.03%	100,288	(13,725)	86,563	12,745	(12,745)	113,033	(26,470)
28	394	Tools, Shop And Garage Equip.	3.64%	5.76%	3.64%	1,411,184	(242,205)	1,168,979	341,273	(341,273)	1,752,457	(583,478)
29	395	Laboratory Equipment	9.29%	5.76%	9.29%	529,231	(78,858)	450,373	26,957	(26,957)	556,188	(105,815)
30	396	Power Operated Equipment	5.69%	24.60%	10.49%	362,259	(294,956)	67,303	25,601	(25,601)	387,860	(320,557)
31	397	Communication Equipment	6.11%	4.93%	6.11%	540,119	(38,388)	501,731	376,420	(102,703)	916,539	(141,091)
32	398	Miscellaneous Equipment	4.01%	5.43%	4.01%	261,520	(41,165)	220,355	11,374	(11,374)	272,894	(52,539)
33	399	Other Tangible Property	-	3.64%	-	-	(21,313)	(21,313)	100,108	-	100,108	(21,313)
		Total General Plant				\$ 14,824,338	\$ (5,829,410)	\$ 8,994,928	\$ 6,044,329	\$ (1,496,587)	\$ 20,868,667	\$ (7,325,997)
35		TOTAL PLANT				\$ 219,383,559	\$ (52,018,971)	\$ 167,364,588	\$ 14,819,570	\$ (3,331,873)	\$ 234,203,129	\$ (55,350,844)

References:
Columns (A) (B) (C) (D) (E) (F): Prior Rate Case And Company Response To RUCO Data Requests 1.08 & 2.19
Columns (G) (H): Company Response To RUCO Data Requests 1.08 & 2.19
Column (I): Column (D) + Column (G)
Column (J): Column (E) + Column (H)

FINAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2002

LINE NO.	ACCT NO.	ACCOUNT NAME	(A) PLANT ADDITIONS	(B) PLANT ADJUTS	(C) NET PLANT ADDITIONS	(D) PLANT RETIREMENTS	(E) TOTAL PLANT VALUE	(F) ACCURAL DEPRECIATION	(G) ACCUMULATED DEPRECIATION	(H) NET PLANT VALUE
1	302	Infrangible:								
2	303	Franchises & Consents	\$ -	\$ -	\$ 10,422	\$ (5,109)	\$ 381,797	\$ (14,961)	\$ (147,533)	\$ 234,264
3		Miscellaneous Intangible	\$ -	\$ -	\$ 7,061	\$ (3,462)	\$ 258,677	\$ (10,137)	\$ (158,630)	\$ 100,047
		Total Intangible Plant	\$ -	\$ -	\$ 17,483	\$ (8,571)	\$ 640,474	\$ (25,098)	\$ (306,163)	\$ 334,312
4	365	Transmission:								
5	366	Land & Rights	\$ -	\$ -	\$ 2,001	\$ -	\$ 73,307	\$ -	\$ -	\$ 73,312
6	367	Structures & Improvements	\$ -	\$ -	\$ 37	\$ (18)	\$ 1,371	\$ (42)	\$ (1,357)	\$ 14
7	369	Mains	\$ -	\$ -	\$ 392,337	\$ (192,344)	\$ 14,372,676	\$ (361,865)	\$ (2,756,212)	\$ 11,616,464
8	371	Measuring And Reg. Equipment	\$ -	\$ -	\$ 90,305	\$ (44,272)	\$ 3,308,199	\$ (107,598)	\$ (422,143)	\$ 2,886,056
		Other Equipment	\$ -	\$ -	\$ 5,152	\$ (2,526)	\$ 188,733	\$ (6,730)	\$ (12,114)	\$ 176,619
		Total Transmission Plant	\$ -	\$ -	\$ 489,833	\$ (239,160)	\$ 17,944,287	\$ (476,235)	\$ (3,191,821)	\$ 14,752,466
10	374	Distribution:								
11	375	Land & Rights	\$ -	\$ -	\$ 3,777	\$ -	\$ 138,358	\$ -	\$ -	\$ 138,358
12	376	Structures & Improvements	\$ -	\$ -	\$ 270	\$ (132)	\$ 9,883	\$ (324)	\$ (8,018)	\$ 1,865
13	378	Mains	\$ -	\$ -	\$ 3,427,462	\$ (1,680,318)	\$ 125,559,872	\$ (3,591,775)	\$ (23,811,005)	\$ 101,748,866
14	379	Meas. And Reg. Equip. - General	\$ -	\$ -	\$ 52,661	\$ (25,817)	\$ 1,929,172	\$ (108,293)	\$ (792,502)	\$ 1,136,671
15	380	Meas. And Reg. Equip. - City Gate	\$ -	\$ -	\$ 55,207	\$ (27,066)	\$ 2,022,440	\$ (109,368)	\$ (818,765)	\$ 1,203,675
16	381	Services	\$ -	\$ -	\$ 1,419,504	\$ (695,914)	\$ 52,001,393	\$ (2,419,825)	\$ (16,738,277)	\$ 35,263,116
17	382	Meters	\$ -	\$ -	\$ 272,484	\$ (133,586)	\$ 9,982,030	\$ (279,679)	\$ (3,984,453)	\$ 5,997,577
18	383	Meter Installation	\$ -	\$ -	\$ 126,833	\$ (62,180)	\$ 4,646,335	\$ (130,182)	\$ (533,391)	\$ 4,112,944
19	384	Regulators	\$ -	\$ -	\$ 68,473	\$ (33,569)	\$ 2,508,409	\$ (92,644)	\$ (1,432,597)	\$ 1,075,812
20	385	Regulator Installation	\$ -	\$ -	\$ 7,989	\$ (3,916)	\$ 292,650	\$ (33,711)	\$ (18,334)	\$ 274,316
21	387	Industrial Measuring Equipment	\$ -	\$ -	\$ 24,590	\$ (12,055)	\$ 900,813	\$ (26,576)	\$ (572,021)	\$ 328,792
22		Other Equipment	\$ -	\$ -	\$ 20,344	\$ (9,973)	\$ 745,256	\$ (6,803,185)	\$ (189,759)	\$ 555,497
		Total Distribution Plant	\$ -	\$ -	\$ 5,479,593	\$ (2,684,527)	\$ 200,736,610	\$ (6,803,185)	\$ (48,899,122)	\$ 151,837,488
23	389	General:								
24	390	Land & Rights	\$ -	\$ -	\$ 19,375	\$ -	\$ 709,767	\$ -	\$ -	\$ 715,385
25	391	Structures & Improvements	\$ -	\$ -	\$ 131,917	\$ (64,673)	\$ 4,832,591	\$ (146,763)	\$ (815,243)	\$ 4,017,349
26	392	Office Furniture & Equipment	\$ -	\$ -	\$ 244,477	\$ (119,855)	\$ 8,956,033	\$ (422,900)	\$ (4,334,189)	\$ 4,621,843
27	393	Transportation Equipment	\$ -	\$ -	\$ 74,844	\$ (36,693)	\$ 2,741,810	\$ -	\$ (1,279,363)	\$ 1,462,447
28	394	Stores Equipment	\$ -	\$ -	\$ 3,172	\$ (1,555)	\$ 116,205	\$ (2,584)	\$ (27,499)	\$ 88,706
29	395	Tools, Shop And Garage Equip.	\$ -	\$ -	\$ 49,180	\$ (24,111)	\$ 1,801,637	\$ (101,664)	\$ (661,031)	\$ 1,140,606
30	396	Laboratory Equipment	\$ -	\$ -	\$ 15,609	\$ (7,652)	\$ 571,797	\$ (32,266)	\$ (130,428)	\$ 441,368
31	397	Power Operated Equipment	\$ -	\$ -	\$ 10,885	\$ (5,336)	\$ 398,745	\$ (96,096)	\$ (411,317)	\$ (12,572)
32	398	Communication Equipment	\$ -	\$ -	\$ 25,721	\$ (12,610)	\$ 942,260	\$ (45,509)	\$ (173,990)	\$ 768,271
33	399	Miscellaneous Equipment	\$ -	\$ -	\$ 7,658	\$ (3,755)	\$ 280,552	\$ (14,924)	\$ (63,709)	\$ 216,844
34		Other Tangible Property	\$ -	\$ -	\$ 2,809	\$ (1,377)	\$ 102,917	\$ (3,670)	\$ (23,606)	\$ 79,312
		Total General Plant	\$ -	\$ -	\$ 585,648	\$ (277,616)	\$ 21,454,315	\$ (866,376)	\$ (7,914,756)	\$ 13,539,558
35		TOTAL PLANT	\$ -	\$ -	\$ 6,572,557	\$ (3,209,875)	\$ 240,775,686	\$ (8,170,893)	\$ (60,311,863)	\$ 180,463,823

References:

Columns (A) (B) (C) (D): Company Response To RUCCO Data Request 2.19
Column (E): Schedule RLM-4, Page 1, Column (I) + Column (C) + Column (D)

Column (F): [(C) (C) + C] X RLM-4, Pg 1, C] (B) X 1/2 yr. conv.] + [RLM-4, Pg 1, C] (I) + C] (D)] X RLM-4, Pg 1, C] (B)
Column (G): Schedule RLM-4, Page 1, Column (J) + Column (D) + Column (F)
Column (H): Column (E) + Column (G)

SURREBUTTAL
RATE BASE ADJUSTMENT NO. 1 - REMOVE UNSUBSTANTIATED PRE-ACQUISITION PLANT AND ACCUMULATED DEPRECIATION
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2003

LINE NO.	ACCT NO.	ACCOUNT NAME	(A) PLANT ADDITIONS	(B) PLANT ADJMT'S	(C) NET PLANT ADDITIONS	(D) PLANT RETIRMT'S	(E) TOTAL PLANT VALUE	(F) ACCURAL DEPRECIATION	(G) ACCUMULATED DEPRECIATION	(H) NET PLANT VALUE
1	302	Intangible:								
2	303	Franchises & Consents	\$ -	\$ -	\$ 6,539	\$ (1,064)	\$ 388,336	\$ (15,381)	\$ (161,850)	\$ 226,486
3	303	Miscellaneous Intangible	\$ -	\$ -	4,430	(721)	263,108	(10,421)	(168,330)	94,777
		Total Intangible Plant	\$ -	\$ -	\$ 10,969	\$ (1,785)	\$ 651,444	\$ (25,803)	\$ (330,180)	\$ 321,263
4	365	Transmission:								
5	366	Land & Rights	\$ -	\$ -	\$ 1,256	\$ -	\$ 74,563	\$ -	\$ -	\$ 74,568
6	367	Structures & Improvements	\$ -	\$ -	23	(4)	1,395	(43)	(1,396)	(1)
7	369	Mains	\$ -	\$ -	246,157	(40,059)	14,618,833	(372,026)	(3,088,179)	11,530,654
8	371	Measuring And Reg. Equipment	\$ -	\$ -	56,659	(9,220)	3,364,858	(110,620)	(523,542)	2,841,316
		Other Equipment	\$ -	\$ -	3,232	(526)	191,965	(6,919)	(18,508)	173,458
		Total Transmission Plant	\$ -	\$ -	\$ 307,326	\$ (49,809)	\$ 18,251,613	\$ (489,608)	\$ (3,631,620)	\$ 14,619,994
10	374	Distribution:								
11	375	Land & Rights	\$ -	\$ -	\$ 2,370	\$ -	\$ 140,727	\$ -	\$ -	\$ 140,727
12	376	Structures & Improvements	\$ -	\$ -	169	(28)	10,052	(333)	(8,324)	1,728
13	378	Mains	\$ -	\$ -	2,150,427	(349,956)	127,710,298	(3,692,635)	(27,153,685)	100,556,614
14	379	Meas. And Reg. Equip. - General	\$ -	\$ -	33,040	(5,377)	1,962,213	(111,334)	(898,459)	1,063,754
15	380	Meas. And Reg. Equip. - City Gate	\$ -	\$ -	34,638	(5,637)	2,057,078	(112,439)	(925,568)	1,131,510
16	381	Services	\$ -	\$ -	890,612	(144,936)	52,892,006	(2,487,776)	(19,081,116)	33,810,889
17	382	Meters	\$ -	\$ -	170,959	(27,822)	10,152,989	(287,533)	(4,244,164)	5,908,825
18	383	Meter Installation	\$ -	\$ -	79,576	(12,950)	4,725,911	(133,838)	(654,279)	4,071,632
19	384	Regulators	\$ -	\$ -	42,961	(6,991)	2,551,370	(95,245)	(1,520,851)	1,030,519
20	385	Regulator Installation	\$ -	\$ -	5,012	(816)	297,662	(11,112)	(28,630)	269,031
21	387	Industrial Measuring Equipment	\$ -	\$ -	15,428	(2,511)	916,241	(34,658)	(604,168)	312,073
22	387	Other Equipment	\$ -	\$ -	12,764	(2,077)	758,019	(27,322)	(215,003)	543,017
		Total Distribution Plant	\$ -	\$ -	\$ 3,437,957	\$ (559,100)	\$ 204,174,567	\$ (6,994,225)	\$ (35,334,247)	\$ 148,840,320
23	389	General:								
24	390	Land & Rights	\$ -	\$ -	\$ 12,156	\$ -	\$ 721,923	\$ -	\$ 5,618	\$ 727,541
25	391	Structures & Improvements	\$ -	\$ -	82,766	(13,469)	4,915,358	(150,884)	(952,658)	3,962,700
26	392	Office Furniture & Equipment	\$ -	\$ -	153,387	(24,962)	9,109,420	(434,776)	(4,744,003)	4,365,417
27	393	Transportation Equipment	\$ -	\$ -	46,958	(7,642)	2,788,769	-	(1,271,722)	1,517,047
28	394	Stores Equipment	\$ -	\$ -	1,990	(324)	118,195	(2,657)	(29,832)	88,363
29	395	Tools, Shop And Garage Equip.	\$ -	\$ -	30,856	(5,021)	1,832,493	(104,518)	(760,528)	1,071,965
30	396	Laboratory Equipment	\$ -	\$ -	9,793	(1,594)	581,590	(33,172)	(162,006)	419,583
31	397	Power Operated Equipment	\$ -	\$ -	6,829	(1,111)	405,574	(98,794)	(509,000)	(103,426)
32	398	Communication Equipment	\$ -	\$ -	16,138	(2,626)	958,398	(46,786)	(218,150)	740,248
33	399	Miscellaneous Equipment	\$ -	\$ -	4,805	(782)	285,357	(15,343)	(78,270)	207,087
		Other Tangible Property	\$ -	\$ -	1,763	(287)	104,680	(3,773)	(27,092)	77,588
		Total General Plant	\$ -	\$ -	\$ 367,442	\$ (57,818)	\$ 21,821,756	\$ (890,704)	\$ (8,747,542)	\$ 13,074,114
35		TOTAL PLANT	\$ -	\$ -	\$ 4,123,694	\$ (668,513)	\$ 244,899,380	\$ (8,400,340)	\$ (68,043,689)	\$ 176,855,691
36		Total Plant As Per Company	\$ -	\$ -	\$ 4,123,694	\$ (668,513)	\$ 244,899,380	\$ (8,400,340)	\$ (68,043,689)	\$ 176,855,691
37		Difference	\$ -	\$ -	\$ -	\$ -	\$ (3,133,264)	\$ -	\$ (3,857,413)	\$ -
38		RUCO Adjustment To Pre-Acquisition Gross Plant In Service (See RLM-3, Column (B))	\$ -	\$ -	\$ -	\$ -	\$ (3,133,264)	\$ -	\$ (3,857,413)	\$ -
39		RUCO Adjustment To Pre-Acquisition Accumulated Depreciation (See RLM-3, Column (B))	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

References:
Columns (A) (B) (C) (D): Company Response To RUCO Data Request 2.19
Column (E): Schedule RLM-4, Page 2, Column (E) + Column (C) + Column (D)
Column (F): [(C) + (C) + (D)] X RLM-4, Pg 1, Ci. (B) X 1/2 yr. conv.] + [RLM-4, Pg 2, Ci. (E) + Ci. (D)] X RLM-4, Pg 1, Ci. (B)
Column (G): Schedule RLM-4, Page 2, Column (G) + Column (D) + Column (F)
Column (H): Column (E) + Column (G)

FINAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2004

LINE NO.	ACCT NO.	ACCOUNT NAME	(A) PLANT ADDITIONS	(B) PLANT ADJ'TS	(C) NET PLANT ADDITIONS	(D) PLANT RETIREMENTS	(E) TOTAL PLANT VALUE	(F) ACCURAL DEPRECIATION	(G) ACCUMULATED DEPRECIATION	(H) NET PLANT VALUE
1	302	Intangible:								
2	303	Franchises & Consents	\$ -	\$ -	\$ -	\$ -	\$ 388,336	\$ (15,533)	\$ (177,384)	\$ 210,953
3		Miscellaneous Intangible	-	-	-	-	263,108	(10,524)	(178,854)	84,253
		Total Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ 651,444	\$ (26,058)	\$ (356,238)	\$ 295,206
4	365	Transmission:								
5	366	Land & Rights	\$ -	\$ -	\$ -	\$ -	\$ 74,563	\$ -	\$ 5	\$ 74,568
6	367	Structures & Improvements	-	-	-	-	1,395	(43)	(1,440)	(45)
7	369	Mains	3,184,658	-	3,184,658	-	17,803,491	(416,627)	(3,504,806)	14,298,685
8	371	Measuring And Reg. Equipment	159,602	-	159,602	-	3,524,460	(114,363)	(637,905)	2,886,555
		Other Equipment	-	-	-	-	191,965	(6,988)	(25,495)	186,470
		Total Transmission Plant	\$ 3,344,260	\$ -	\$ 3,344,260	\$ -	\$ 21,595,873	\$ (538,020)	\$ (4,169,640)	\$ 17,426,233
10	374	Distribution:								
11	375	Land & Rights	\$ -	\$ -	\$ -	\$ -	\$ 140,727	\$ -	\$ -	\$ 140,727
12	376	Structures & Improvements	-	-	-	-	10,052	(337)	(8,661)	1,391
13	378	Mains	7,429,814	-	7,429,814	-	135,140,112	(3,837,616)	(30,991,301)	104,148,812
14	379	Meas. And Reg. Equip. - General	83,748	-	83,748	-	2,045,961	(114,834)	(1,013,293)	1,032,668
15	380	Meas. And Reg. Equip. - City Gate	4,948	-	4,948	-	2,062,026	(113,687)	(1,039,255)	1,022,771
16	381	Services	6,305,730	-	6,305,730	-	59,197,736	(2,662,131)	(21,743,248)	37,454,488
17	382	Meters	607,242	-	607,242	-	10,760,231	(299,059)	(4,543,223)	6,217,008
18	383	Meter Installation	-	-	-	-	4,725,911	(135,161)	(789,440)	3,936,471
19	384	Regulators	29,280	-	29,280	-	2,580,650	(96,739)	(1,617,590)	963,060
20	385	Regulator Installation	85,105	-	85,105	-	297,662	(11,222)	(39,852)	257,809
21	387	Industrial Measuring Equipment	69,771	-	69,771	-	1,001,346	(36,626)	(640,794)	360,552
		Other Equipment	-	-	-	-	827,790	(28,862)	(243,864)	583,926
		Total Distribution Plant	\$ 14,615,638	\$ -	\$ 14,615,638	\$ -	\$ 218,790,205	\$ (7,336,274)	\$ (62,670,521)	\$ 156,119,684
23	389	General:								
24	390	Land & Rights	\$ -	\$ -	\$ -	\$ -	\$ 721,923	\$ -	\$ 5,618	\$ 727,541
25	391	Structures & Improvements	49,926	-	49,926	-	4,965,284	(153,150)	(1,105,808)	3,859,476
26	392	Office Furniture & Equipment	472,243	-	472,243	-	9,581,663	(450,455)	(5,194,458)	4,387,205
27	393	Transportation Equipment	1,365,147	-	1,365,147	(26,446)	4,127,470	-	(1,245,276)	2,882,194
28	394	Stores Equipment	4,162	-	4,162	-	122,357	(2,730)	(32,562)	89,795
29	395	Tools, Shop And Garage Equip.	72,784	-	72,784	-	1,905,277	(107,648)	(868,176)	1,037,102
30	396	Laboratory Equipment	39,228	-	39,228	-	620,818	(34,629)	(196,636)	424,182
31	397	Power Operated Equipment	-	-	-	-	405,574	(99,771)	(608,771)	(203,197)
32	398	Communication Equipment	80,571	-	80,571	-	1,038,969	(49,235)	(267,385)	771,584
33	399	Miscellaneous Equipment	-	-	-	-	285,357	(15,495)	(93,765)	191,593
		Other Tangible Property	-	-	-	-	104,690	(3,810)	(93,802)	73,778
		Total General Plant	\$ 2,034,061	\$ -	\$ 2,034,061	\$ (26,446)	\$ 23,879,371	\$ (916,924)	\$ (9,638,120)	\$ 14,241,251
35		TOTAL PLANT	\$ 20,043,959	\$ -	\$ 20,043,959	\$ (26,446)	\$ 264,916,893	\$ (9,817,276)	\$ (76,834,519)	\$ 188,082,374

References:

Columns (A) (B) (C) (D): Company Response To RUCO Data Request 1.08
Column (E): Schedule RLM-4, Page 3, Column (E) + Column (C) + Column (D)

Column (F): [(C) + (C) + (D)] X RLM-4, Pg 1, (B) X 1/2 yr. conv.] + [RLM-4, Pg 3, (E) + (D)] X RLM-4, Pg 1, (C) (B)
Column (G): Schedule RLM-4, Page 3, Column (G) + Column (D) + Column (F)
Column (H): Column (E) + Column (G)

FINAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2005

LINE NO.	ACCT NO.	ACCOUNT NAME	(A) PLANT ADDITIONS	(B) PLANT ADJMT'S	(C) NET PLANT ADDITIONS	(D) PLANT RETIRMT'S	(E) TOTAL PLANT VALUE	(F) ACCURAL DEPRECIATION	(G) ACCUMULATED DEPRECIATION	(H) NET PLANT VALUE
1	302	Intangible:								
2	303	Franchises & Consents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,533)	\$ (192,917)	\$ 195,419
3	303	Miscellaneous Intangible	15,100	-	15,100	-	278,208	(10,826)	(189,681)	88,527
		Total Intangible Plant	<u>\$ 15,100</u>	<u>\$ -</u>	<u>\$ 15,100</u>	<u>\$ -</u>	<u>\$ 278,208</u>	<u>\$ (10,826)</u>	<u>\$ (189,681)</u>	<u>\$ 88,527</u>
4	365	Transmission:								
5	366	Land & Rights	\$ -	\$ -	\$ -	\$ -	\$ 74,563	\$ -	\$ 5	\$ 74,568
6	367	Structures & Improvements	-	-	-	-	1,395	(43)	(1,483)	(88)
7	369	Mains	5,001,194	-	5,001,194	-	22,804,685	(521,815)	(4,026,621)	18,778,064
8	371	Measuring And Reg. Equipment	806	-	806	-	3,525,266	(117,025)	(754,930)	2,770,336
		Other Equipment	-	-	-	-	191,965	(6,988)	(32,483)	159,483
		Total Transmission Plant	<u>\$ 5,002,000</u>	<u>\$ -</u>	<u>\$ 5,002,000</u>	<u>\$ -</u>	<u>\$ 26,597,873</u>	<u>\$ (645,871)</u>	<u>\$ (4,815,511)</u>	<u>\$ 21,782,362</u>
10	374	Distribution:								
11	375	Land & Rights	\$ -	\$ -	\$ -	\$ -	\$ 140,727	\$ -	\$ -	\$ 140,727
12	376	Structures & Improvements	-	-	-	-	10,052	(337)	(8,997)	1,055
13	378	Mains	6,342,549	-	6,342,549	(607,106)	140,875,555	(4,029,829)	(34,414,023)	106,461,532
14	379	Meas. And Reg. Equip. - General	74,523	-	74,523	-	2,120,484	(119,369)	(1,132,662)	987,822
15	380	Meas. And Reg. Equip. - City Gate	303,733	-	303,733	-	2,365,759	(122,207)	(1,161,462)	1,204,297
16	381	Services	6,547,947	-	6,547,947	(22,405)	65,723,278	(2,966,874)	(24,687,717)	41,035,567
17	382	Meters	1,180,280	-	1,180,280	-	11,940,511	(324,621)	(4,867,844)	7,072,667
18	383	Meter Installation	981,154	-	981,154	-	5,707,065	(149,192)	(938,632)	4,768,434
19	384	Regulators	323,346	-	323,346	-	2,903,996	(103,366)	(1,720,975)	1,183,021
20	385	Regulator Installation	552,063	-	552,063	-	849,725	(41,356)	(682,150)	167,575
21	387	Industrial Measuring Equipment	162,566	-	162,566	-	1,163,912	(37,932)	(281,797)	882,115
22	387	Other Equipment	428,608	-	428,608	-	1,258,398	(7,916,730)	(69,957,740)	974,802
		Total Distribution Plant	<u>\$ 16,896,769</u>	<u>\$ -</u>	<u>\$ 16,896,769</u>	<u>\$ (629,511)</u>	<u>\$ 235,057,463</u>	<u>\$ (7,916,730)</u>	<u>\$ (69,957,740)</u>	<u>\$ 165,099,723</u>
23	389	General:								
24	390	Land & Rights	\$ -	\$ -	\$ -	\$ -	\$ 721,923	\$ -	\$ 5,618	\$ 727,541
25	391	Structures & Improvements	156,182	-	156,182	-	5,121,466	(156,345)	(1,262,152)	3,859,313
26	392	Office Furniture & Equipment	188,683	-	188,683	-	9,770,346	(466,383)	(5,660,842)	4,109,504
27	393	Transportation Equipment	3,091,785	-	3,091,785	(1,951,895)	5,267,360	-	706,619	5,973,979
28	394	Stores Equipment	-	-	-	(2,576)	119,781	(2,748)	(32,735)	87,047
29	395	Tools, Shop And Garage Equip.	66,811	-	66,811	-	1,972,088	(111,668)	(979,844)	992,244
30	396	Laboratory Equipment	33,550	-	33,550	-	654,368	(36,725)	(233,361)	421,007
31	397	Power Operated Equipment	93,549	-	93,549	-	498,123	(111,278)	(720,049)	(220,926)
32	398	Communication Equipment	-	-	-	(4,649)	1,034,320	(51,107)	(313,843)	720,477
33	399	Miscellaneous Equipment	-	-	-	-	285,357	(15,495)	(109,260)	176,098
34	399	Other Tangible Property	-	-	-	-	104,680	(3,810)	(34,713)	69,967
		Total General Plant	<u>\$ 3,630,560</u>	<u>\$ -</u>	<u>\$ 3,630,560</u>	<u>\$ (1,959,120)</u>	<u>\$ 25,550,811</u>	<u>\$ (955,559)</u>	<u>\$ (8,634,560)</u>	<u>\$ 16,916,252</u>
35		TOTAL PLANT	<u>\$ 25,544,429</u>	<u>\$ -</u>	<u>\$ 25,544,429</u>	<u>\$ (2,588,631)</u>	<u>\$ 287,872,691</u>	<u>\$ (9,544,520)</u>	<u>\$ (83,790,408)</u>	<u>\$ 204,082,283</u>
36		Total Plant As Per Company								
37		Difference								
38		RUCO Adjustment To Pre-Acquisition Accumulated Depreciation (See RLM-4, Page 3, Lines 39)								
39										
40		RUCO Adjustment To Test-Year Accumulated Depreciation (See RLM-3, Column (C))								

References:

Columns (A) (B) (C) (D): Company Responses To RUCO Data Request 1.08
Column (E): Schedule RLM-4, Page 4, Column (E) + Column (C) + Column (D)

Column (F): [(C) + (D)] X RLM-4, Pg 1, Ci. (B) X 1/2 yr. conv.] + [RLM-4, Pg 4, Ci. (E) + Ci. (D)] X RLM-4, Pg 1, Ci. (B)

Column (G): Schedule RLM-4, Page 4, Column (G) + Column (D) + Column (F)

Column (H): Column (E) + Column (G)

**FINAL
TEST YEAR PLANT SCHEDULES - CONT'D
PRO FORMA ADJUSTMENTS TO TEST YEAR ENDED DECEMBER 31, 2005**

LINE NO.	ACCT NO.	ACCOUNT NAME	(A) GRIFFITH POWER PLANT		(B) ACC. DEP. ADJUSTMENTS		(C) BUILD-OUT PLANT		(D) ACC. DEP. ADJUSTMENTS		(E) RUCO ADJUSTED TOTAL PLANT VALUE		(F) RUCO ADJUSTED ACCUMULATED DEPRECIATION		(G) RUCO ADJUSTED NET PLANT VALUE	
			ADJUSTMENTS		ADJUSTMENTS		PLANT ADJUSTMENTS		ADJUSTMENTS		VALUE		DEPRECIATION		VALUE	
1	302	Ineligible:														
2	303	Franchises & Consents	\$ -	\$ -	-	-	-	-	\$ -	\$ -	\$ 388,336	\$ -	(192,917)	\$ -	\$ 195,419	
3		Miscellaneous Intangible	-	-	-	-	-	-	-	-	278,208	-	(189,681)	-	88,527	
		Total Intangible Plant	\$ -	\$ -	-	-	-	-	\$ -	\$ -	\$ 666,544	\$ -	(382,598)	\$ -	\$ 283,946	
4	365	Transmission:														
5	366	Land & Rights	\$ (10,075)	\$ -	-	-	(7,441)	-	\$ -	\$ -	\$ 57,047	\$ -	5	\$ -	\$ 57,052	
6	367	Structures & Improvements	-	-	-	-	(1,222)	430	-	-	173	-	(1,053)	-	(880)	
7	369	Mains	(3,421,025)	-	511,821	-	(1,606,936)	417,127	-	-	17,776,724	-	(3,097,673)	-	14,679,051	
8	371	Measuring And Reg. Equipment	(2,557,112)	-	372,457	-	(259,186)	70,426	-	-	708,968	-	(312,047)	-	396,921	
		Other Equipment	(183,581)	-	44,626	-	(13,313)	4,641	-	-	(4,929)	-	16,784	-	11,856	
		Total Transmission Plant	\$ (6,171,793)	\$ -	\$ 928,904	\$ -	\$ (1,888,098)	\$ 492,624	\$ -	\$ -	\$ 18,537,982	\$ -	(3,393,963)	\$ -	\$ 15,143,999	
10	374	Distribution:														
11	375	Land & Rights	\$ -	\$ -	-	-	(18,709)	-	\$ -	\$ -	\$ 122,018	\$ -	-	\$ -	\$ 122,018	
12	376	Structures & Improvements	-	-	-	-	(794)	1,016	-	-	9,258	-	(7,951)	-	1,277	
13	378	Mains	-	-	-	-	(10,506,547)	3,424,497	-	-	130,369,008	-	(30,989,526)	-	99,379,482	
14	379	Meas. And Reg. Equip. - General	-	-	-	-	(145,939)	98,248	-	-	1,974,545	-	(1,034,414)	-	940,131	
15	380	Meas. And Reg. Equip. - City Gate	-	-	-	-	(169,292)	85,420	-	-	2,196,467	-	(1,076,042)	-	1,120,425	
16	381	Services	-	-	-	-	-	-	-	-	65,723,278	-	(24,687,717)	-	41,035,561	
17	382	Meters	-	-	-	-	-	-	-	-	11,940,511	-	(4,867,844)	-	7,072,667	
18	383	Meter Installation	-	-	-	-	-	-	-	-	5,707,065	-	(938,632)	-	4,768,434	
19	384	Regulators	-	-	-	-	-	-	-	-	2,903,996	-	(1,720,975)	-	1,183,021	
20	385	Regulator Installation	-	-	-	-	-	-	-	-	849,725	-	(61,480)	-	788,244	
21	386	Industrial Measuring Equipment	-	-	-	-	-	-	-	-	1,151,303	-	(880,738)	-	470,565	
22	387	Other Equipment	(12,609)	-	1,412	-	-	-	-	-	1,144,688	-	(243,085)	-	901,604	
		Total Distribution Plant	\$ (12,609)	\$ -	\$ 1,412	\$ -	\$ (11,710)	\$ 38,712	\$ -	\$ -	\$ 224,091,863	\$ -	(66,308,435)	\$ -	\$ 157,783,428	
23	389	General:														
24	390	Land & Rights	\$ -	\$ -	-	-	-	-	\$ -	\$ -	\$ 721,923	\$ -	5,618	\$ -	\$ 727,541	
25	391	Structures & Improvements	-	-	-	-	-	-	-	-	5,121,466	-	(1,262,152)	-	3,859,313	
26	392	Office Furniture & Equipment	-	-	-	-	-	-	-	-	9,770,346	-	(5,660,842)	-	4,109,504	
27	393	Transportation Equipment	-	-	-	-	-	-	-	-	5,267,360	-	706,619	-	5,973,979	
28	394	Stores Equipment	-	-	-	-	-	-	-	-	119,781	-	(32,735)	-	87,047	
29	395	Tools, Shop And Garage Equip.	-	-	-	-	-	-	-	-	1,972,088	-	(979,844)	-	992,244	
30	396	Laboratory Equipment	-	-	-	-	-	-	-	-	654,368	-	(233,361)	-	421,007	
31	397	Power Operated Equipment	-	-	-	-	-	-	-	-	499,123	-	(720,049)	-	(220,926)	
32	398	Communication Equipment	-	-	-	-	-	-	-	-	1,034,320	-	(313,843)	-	720,477	
33	399	Miscellaneous Equipment	-	-	-	-	-	-	-	-	285,357	-	(109,260)	-	176,098	
		Other Tangible Property	-	-	-	-	-	-	-	-	104,680	-	(34,713)	-	69,967	
		Total General Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,550,811	\$ -	(8,634,560)	\$ -	\$ 16,916,252	
35		TOTAL PLANT	\$ (6,184,402)	\$ -	\$ 930,316	\$ -	\$ (12,841,089)	\$ 4,140,517	\$ -	\$ -	\$ 268,847,200	\$ -	(78,719,575)	\$ -	\$ 190,127,625	
36		Total Plant As Per Company	\$ -	\$ -	\$ (11,836,260)	\$ -	\$ (11,836,260)	\$ -	\$ -	\$ -	\$ 279,169,694	\$ -	(72,006,708)	\$ -	\$ 213,928,413	
37		Difference	\$ (6,184,402)	\$ -	\$ 12,766,576	\$ -	\$ (1,004,829)	\$ -	\$ -	\$ -	\$ (10,322,494)	\$ -	(6,712,867)	\$ -	\$ (23,800,788)	
38		RUCO Adjustment To Pre-Acquisition Gross Plant In Service (See RLM-4, Page 3, Lines 38)														
39		RUCO Adjustment To Pro-Forma Test-Year Gross Plant In Service (See RLM-3, Column (E))														

References:

Columns (A) (B) (C) (D): Company Workpapers
Column (E): Schedule RLM-4, Page 5, Column (E) + Column (A) + Column (C)
Column (F): Schedule RLM-4, Page 5, Column (G) + Column (B) + Column (D)
Column (G): Column (E) + Column (F)

UNS GAS CORPORATION
TEST YEAR ENDED DECEMBER 31, 2005
REVISED RATE BASE ADJUSTMENT # 6 - WORKING CAPITAL

DOCKET NO. G-004204A-06-0463
SCHEDULE FINAL MDC-2
PAGE 1 OF 2

FINAL
EXPLANATION OF RATE BASE ADJUSTMENT NO. 6
ALLOWANCE FOR WORKING CAPITAL

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	MATERIALS & SUPPLIES PER UNS	\$2,039,798	SCH. B-5, PG. 1
2	MATERIALS & SUPPLIES PER RUCO	<u>2,039,798</u>	SCH. B-5, PG. 1
3	ADJUSTMENT	0	LINE 2 - LINE 1
4	PREPAYMENTS PER UNS	195,942	SCH. B-5, PG. 1
5	PREPAYMENTS PER RUCO	<u>195,942</u>	SCH. B-5, PG. 1
6	ADJUSTMENT	0	LINE 5 - LINE 4
7	CASH WORKING CAPITAL PER UNS	(3,280,886)	SCH. B-5, PG. 2
8	CASH WORKING CAPITAL PER RUCO	<u>(2,114,771)</u>	SCHEDULE MDC-
9	ADJUSTMENT	1,166,115	LINE 8 - LINE 7
10	TOTAL ADJUSTMENT (See RLM-3, Column (G))	<u>\$1,166,115</u>	SUM LINES 3, 6 & 9

FINAL
EXPLANATION OF RATE BASE ADJUSTMENT NO. 6 - CONT'D
LEAD/LAG DAY SUMMARY

LINE NO.	DESCRIPTION	(A) COMPANY EXPENSES AS FILED	(B) RUCO ADJUSTM'TS	(C) RUCO EXPENSES AS ADJUSTED	(D) (LEAD)/LAG DAYS	(E) DOLLAR DAYS
	Operating Expenses:					
	Non-Cash Expenses					
1	Bad Debts Expense	\$ 722,634	\$ -	\$ -	0	\$ -
2	Depreciation	7,950,183	-	-	0	-
3	Amortization	(729,791)	-	-	0	-
4	Deferred Income Taxes	3,178,719	-	-	0	-
5	Total Non-Cash Expenses	<u>\$ 11,121,745</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
	Other Operating Expenses:					
6	Salaries & Wages (UNS Dir. Emp's)	\$ 7,287,745	\$ -	\$ 7,287,745	24.50	\$ 178,549,753
7	Incentive Pay (UNS Dir. Emp's)	257,895	(257,895)	-	267.00	-
8	Purchased Gas	78,101,248	-	78,101,248	30.97	2,418,795,651
9	Office Supplies and Expenses	1,365,974	(54,434)	1,311,540	20.72	27,175,105
10	Injuries and Damages	574,128	(34,234)	539,894	64.75	34,958,114
11	Pensions and Benefits	2,452,071	(93,075)	2,358,996	54.66	128,942,703
12	Support Services - TEP(Dir. Labor)	4,570,692	-	4,570,692	44.91	205,269,778
13	Property Taxes	4,103,376	(476,193)	3,627,183	213.00	772,590,038
14	Payroll Taxes	537,877	(20,853)	517,024	19.30	9,978,563
15	Current Income Taxes	(1,203,222)	5,690,904	4,487,682	41.42	185,879,804
16	Interest on Customer Deposits	170,459	-	170,459	182.50	31,108,848
17	Other Operations and Maintenance	7,501,807	(1,023,893)	6,477,914	53.10	343,977,225
18	Total Other Operating Expenses	<u>\$105,720,050</u>	<u>\$ 3,730,327</u>	<u>\$109,450,377</u>		<u>\$ 4,337,225,581</u>
19	Total Operating Expenses	<u>\$116,841,794</u>	<u>\$ 3,730,327</u>	<u>\$109,450,377</u>		<u>\$ 4,337,225,581</u>
	Other Cash Working Capital Elements:					
20	Interest on Long-Term Debt	\$ 5,334,825	\$ (561,502)	\$ 4,773,323	91.62	\$ 437,331,879
21	Revenue Taxes and Assessments	18,788,535	(6,822,129)	11,966,406	76.25	912,438,458
22	Total Other Cash Working Capital	<u>\$ 24,123,360</u>	<u>\$ (7,383,631)</u>	<u>\$ 16,739,729</u>		<u>\$ 1,349,770,337</u>
23	TOTAL			<u>\$126,190,106</u>		<u>\$ 5,686,995,918</u>
24	Expense Lag	Line 23, Col. (E) / (D)	45.07			
25	Revenue Lag	Company Workpapers	38.95			
26	Net Lag	Line 25 - Line 24	(6.12)			
27	RUCO Adjusted Expenses	Col. (C), Line 23	<u>\$126,190,106</u>			
28	Cash Working Capital	Line 26 X Line 27 / 365 Days	<u>(2,114,771)</u>			
29	Company As Filed	Co. Schedule B-5, Page 1	(3,280,886)			
30	ADJUSTMENT (See MDC-2, Pg 1, L 9) Line 28 - Line 29		<u>1,166,115</u>			

References:

Column (A): - Company Schedule B-5, Page 3
Column (B): RUCO Operating Income Adjustments (See Schedule RLM-7)
Column (C): Column (B) - (A)
Column (D): Company Schedule B-5, Page 3
Column (E): Column (C) X Column (D)

**FINAL
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) TEST YEAR ADJTMENTS	(C) TEST YEAR AS ADJUSTED	(D) PROPOSED CHANGES	(E) AS RECOMMENDED
		RUCO REVISED SURREBUTTAL				
	Operating Revenues:					
1	Gas Retail Revenues	\$ 45,689,224	\$ 110,906	\$ 45,800,130	\$ 2,734,443	\$ 48,534,573
2	Other Operating Revenue	1,480,304	-	1,480,304	-	1,480,304
3	TOTAL OPERATING REVENUES	<u>\$ 47,169,528</u>	<u>\$ 110,906</u>	<u>\$ 47,280,434</u>	<u>\$ 2,734,443</u>	<u>\$ 50,014,877</u>
	Operating Expenses:					
4	Purchased Gas	\$ 355,528	\$ (54)	\$ 355,474	\$ -	\$ 355,474
5	Other O & M Expense	24,459,038	(1,955,752)	22,503,286	-	22,503,286
6	Depreciation & Amortization	7,220,391	(646,479)	6,573,912	-	6,573,912
7	Taxes Other Than Income Taxes	4,730,093	(525,485)	4,204,608	-	4,204,608
8	Income Taxes	1,975,497	1,448,158	3,423,655	1,064,027	4,487,682
9	TOTAL OPERATING EXPENSES	<u>\$ 38,740,547</u>	<u>\$ (1,679,612)</u>	<u>\$ 37,060,935</u>	<u>\$ 1,064,027</u>	<u>\$ 38,124,962</u>
10	OPERATING INCOME (LOSS)	<u>\$ 8,428,981</u>		<u>\$ 10,219,499</u>		<u>\$ 11,889,914</u>

References:

Column (A): Company Schedule C-1
Column (B): Testimony, RLM And Schedule RLM-7, Pages 1 Thru 6
Column (C): Column (A) + Column (B)
Column (D): Testimony, RLM And Schedule RLM-1
Column (E): Column (C) + Column (D)

FINAL
SUMMARY OF OPERATING INCOME ADJUSTMENT
TEST YEAR AS FILED AND ADJUSTED

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ. NO. 1 WORKERS COMP.	(C) ADJ. NO. 2 INCENTIVE COMP.	(D) ADJ. NO. 3 DEPRECIATION EXPENSE	(E) ADJ. NO. 4 POSTAGE EXPENSE REVISED	(F) ADJ. NO. 5 CUSTOMER SERVICE COSTS	(G) ADJ. NO. 6 UNNECESSARY EXPENSES	(H) ADJ. NO. 7 PROPERTY TAX
1	Operating Revenue								
1	Net Sales to Ultimate Customers	\$ 42,950,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Transportation of Gas	2,738,909	-	-	-	-	-	-	-
3	Gas Retail Revenue	\$ 45,689,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Forfeited Discounts (Late Fees)	\$ 398,966	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Miscellaneous Service Revenues	1,046,891	-	-	-	-	-	-	-
6	Other Gas Revenues	34,447	-	-	-	-	-	-	-
7	Other Operating Revenue	\$ 1,480,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Operating Revenue	\$ 47,169,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Operating Expense								
9	Purchased Gas	\$ 355,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Transmission - Mains Expense	\$ 11,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Transmission - Meas. and Reg. Station	(52,221)	-	-	-	-	-	-	-
12	Transmission - Maint. Compressor Stat. Equip.	19	-	-	-	-	-	-	-
13	Transmission - Oper. Super'n and Eng.	315,983	-	-	-	-	-	-	-
14	Distribution - Load Dispatching	162	-	-	-	-	-	-	-
15	Distribution - Mains and Services	1,337,349	-	(42,144)	-	-	-	(1,592)	-
16	Distribution - Meas. and Reg. Station - Gen.	244,463	-	-	-	-	-	-	-
17	Distribution - Meas. and Reg. Station - Ind.	150,536	-	-	-	-	-	-	-
18	Distribution - Meas. and Reg. Station - City	56,529	-	-	-	-	-	-	-
19	Distribution - Meter and House Regulator	1,349,114	-	(34,242)	-	-	-	-	-
20	Distribution - Customer Installations	539,082	-	-	-	-	-	-	-
21	Distribution - Other Expenses	1,090,666	-	-	-	-	-	(27,217)	-
22	Distribution - Rents	44,510	-	-	-	-	-	-	-
23	Distribution - Maint. Superv'n & Eng.	243,170	-	-	-	-	-	-	-
24	Distribution - Maintenance of Mains	1,084,194	-	(26,340)	-	-	-	-	-
25	Distribution - Maint. M & R Stat. Equip. - Gen.	25,623	-	-	-	-	-	-	-
26	Distribution - Maint. M & R Stat. Equip. - Ind.	2,072	-	-	-	-	-	-	-
27	Distribution - Maint. M & R Equip. - City Gate	850	-	-	-	-	-	-	-
28	Distribution - Maintenance of Services	465,066	-	-	-	-	-	-	-
29	Distribution - Maint. of Meters and Reg.	167,015	-	-	-	-	-	-	-
30	Distribution - Maintenance of Other Equip.	96,826	-	-	-	-	-	-	-
31	Customer Account - Supervision	74,309	-	-	-	-	-	-	-
32	Customer Account - Meter Reading	719,037	-	-	-	-	-	-	-
33	Customer Account - Records and Collection	5,462,173	-	(60,582)	-	(51,851)	(490,413)	-	-
34	Customer Account - Uncollectibles	722,634	-	-	-	-	-	-	-

FINAL
SUMMARY OF OPERATING INCOME ADJUSTMENT - CONT'D
TEST YEAR AS FILED AND ADJUSTED

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ. NO. 1 WORKERS COMP.	(C) ADJ. NO. 2 INCENTIVE COMP.	(D) ADJ. NO. 3 DEPRECIATION EXPENSE	(E) ADJ. NO. 4 POSTAGE EXPENSE	(F) ADJ. NO. 5 CUSTOMER SERVICE COSTS	(G) ADJ. NO. 6 UNNECESSARY EXPENSES	(H) ADJ. NO. 7 PROPERTY TAX
35	Continued								
35	Customer Account - Miscellaneous	\$ 34,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36	Customer Account - Superv'n - Cust. Service	14,743	-	-	-	-	-	-	-
37	Customer Account - Assistance	(34,228)	-	-	-	-	-	-	-
38	Customer Account - Info and Instruct Advert.	66,794	-	-	-	-	-	-	-
39	Customer Account - Miscellaneous	22,602	-	-	-	-	-	-	-
40	Sales - Demonstrating and Selling	558	-	-	-	-	-	-	-
41	A & G - Salaries	1,529,696	-	(94,587)	-	-	(25,437)	-	-
42	A & G - Office Supplies and Expenses	1,365,974	-	-	-	-	(11,157)	(107,076)	-
43	A & G - Transferred - Credit	(152,817)	-	-	-	-	(133)	-	-
44	A & G - Outside Services Employed	2,696,531	-	-	-	-	(2,559)	(14,738)	-
45	A & G - Property Insurance	7,415	-	-	-	-	(1,329)	-	-
46	A & G - Injuries and Damages	574,128	-	-	-	-	(293)	-	-
47	A & G - Employee Pension and Benefits	2,452,071	(34,234)	-	-	-	(143,577)	(6,230)	-
48	A & G - Miscellaneous General Expenses	1,082,411	-	-	-	-	-	(76,494)	-
49	A & G - Rents	109,053	-	-	-	-	-	-	-
50	A & G - Maintenance of General Plant	169,826	-	-	-	-	-	-	-
51	A & G - Rate Case Expense	200,000	-	-	-	-	-	-	-
52	Interest On Customer Deposits	170,459	-	-	-	-	-	-	-
53	Other Oper. and Maint. Expense	\$ 24,459,038	\$ (34,234)	\$ (257,895)	\$ -	\$ (51,851)	\$ (674,898)	\$ (233,347)	\$ -
54	Dep. & Amort. - Citizens Acq. Discount	\$ (729,791)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	Dep. & Amort. - Intangible Plant	929,602	-	-	(57,341)	-	-	-	-
56	Dep. & Amort. - Transmission Plant	285,187	-	-	(1,618)	-	-	-	-
57	Dep. & Amort. - Distribution Plant	5,631,142	-	-	(427,753)	-	-	-	-
58	Dep. & Amort. - General Plant	1,104,251	-	-	162,629	-	(23,373)	-	-
59	Depreciation and Amortization	\$ 7,220,391	\$ -	\$ -	\$ (324,083)	\$ -	\$ (23,373)	\$ -	\$ -
60	Property Tax	\$ 4,103,375	\$ -	\$ -	\$ -	\$ -	\$ (28,439)	\$ -	\$ (309,309)
61	Payroll Tax - FUTA, SUTA, FICA & Medicare	537,877	-	(20,853)	-	-	-	-	-
62	Medical and Dental	86,130	-	-	-	-	-	-	-
63	Other	2,711	-	-	-	-	-	-	-
64	Taxes Other Than Income Taxes	\$ 4,730,093	\$ -	\$ (20,853)	\$ -	\$ -	\$ (28,439)	\$ -	\$ (309,309)
65	Income Taxes	\$ 1,975,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66	Total Operating Expense	\$ 38,740,547	\$ (34,234)	\$ (278,748)	\$ (324,083)	\$ (51,851)	\$ (726,710)	\$ (233,347)	\$ (309,309)
67	Operating Income	\$ 8,428,981	\$ 34,234	\$ 278,748	\$ 324,083	\$ 51,851	\$ 726,710	\$ 233,347	\$ 309,309

FINAL
SUMMARY OF OPERATING INCOME ADJUSTMENT - CONTD
TEST YEAR AS FILED AND ADJUSTED

LINE NO.	DESCRIPTION	(I) ADJ. NO. 8 RATE CASE EXPENSE	(J) ADJ. NO. 9 AGA DUES	(K) ADJ. NO. 10 ATYPICAL EXPENSES	(L) ADJ. NO. 11 SERP	(M) ADJ. NO. 12 AMORTIZATION GIS O&M	(N) ADJ. NO. 13 FLEET FUEL EXPENSE	(O) ADJ. NO. 14 CUSTOMER ANNUALIZ'N	(P) ADJ. NO. 15 CUSTOMER WEATHERIZ'N
1	Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,006	\$ 900
2	Net Sales to Ultimate Customers	-	-	-	-	-	-	-	-
3	Transportation of Gas	-	-	-	-	-	-	-	-
4	Gas Retail Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,006	\$ 900
5	Forfeited Discounts (Late Fees)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Miscellaneous Service Revenues	-	-	-	-	-	-	-	-
7	Other Gas Revenues	-	-	-	-	-	-	-	-
8	Total Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,006	\$ 900
9	Operating Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Purchased Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (54)	\$ -	\$ -
11	Transmission - Mains Expense	-	-	-	-	-	\$ (69)	\$ -	\$ -
12	Transmission - Meas. and Reg. Station	-	-	-	-	-	(1)	-	-
13	Transmission - Maint. Compressor Stat. Equip.	-	-	-	-	-	-	-	-
14	Transmission - Oper. Super'n and Eng.	-	-	-	-	-	(1,907)	-	-
15	Distribution - Load Dispatching	-	-	-	-	-	-	-	-
16	Distribution - Mains and Services	-	-	-	-	-	(5,801)	-	-
17	Distribution - Meas. and Reg. Station - Gen.	-	-	-	-	-	(1,095)	-	-
18	Distribution - Meas. and Reg. Station - Ind.	-	-	-	-	-	(834)	-	-
19	Distribution - Meas. and Reg. Station - City	-	-	-	-	-	(123)	-	-
20	Distribution - Meter and House Regulator	-	-	-	-	-	(6,218)	-	-
21	Distribution - Customer Installations	-	-	-	-	-	(2,502)	-	-
22	Distribution - Other Expenses	-	-	-	-	-	(1,956)	-	-
23	Distribution - Rents	-	-	-	-	-	-	-	-
24	Distribution - Maint. Super'n & Eng.	-	-	-	-	-	(1,358)	-	-
25	Distribution - Maintenance of Mains	-	-	-	-	-	(3,330)	-	-
26	Distribution - Maint. M & R Stat. Equip. - Gen.	-	-	-	-	-	(19)	-	-
27	Distribution - Maint. M & R Stat. Equip. - Ind.	-	-	-	-	-	(1)	-	-
28	Distribution - Maint. M & R Equip. - City Gate	-	-	-	-	-	(1)	-	-
29	Distribution - Maintenance of Services	-	-	-	-	-	(2,229)	-	-
30	Distribution - Maint. of Meters and Reg.	-	-	-	-	-	(366)	-	-
31	Distribution - Maintenance of Other Equip.	-	-	-	-	-	(169)	-	-
32	Customer Account - Supervision	-	-	-	-	-	(415)	-	-
33	Customer Account - Meter Reading	-	-	-	-	-	(3,799)	-	-
34	Customer Account - Records and Collection	-	-	-	-	-	(7,985)	-	-
35	Customer Account - Uncollectibles	-	-	-	-	-	-	-	-

FINAL
SUMMARY OF OPERATING INCOME ADJUSTMENT - CONT'D
TEST YEAR AS FILED AND ADJUSTED

LINE NO.	DESCRIPTION	(I) ADJ. NO. 8 RATE CASE EXPENSE	(J) ADJ. NO. 9 AGA DUES	(K) ADJ. NO. 10 ATYPICAL EXPENSES	(L) ADJ. NO. 11 SERP	(M) ADJ. NO. 12 AMORTIZATION GIS O&M	(N) ADJ. NO. 13 FLEET FUEL EXPENSE	(O) ADJ. NO. 14 CUSTOMER ANNUALIZ'N	(P) ADJ. NO. 15 CUSTOMER WEATHERIZ'N
35	Continued								
36	Customer Account - Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9)	\$ -	\$ -
37	Customer Account - Superv'n - Cust. Service	-	-	-	-	-	(66)	-	-
38	Customer Account - Assistance	-	-	-	-	-	(71)	-	-
39	Customer Account - Info and Instruct Advnt.	-	-	-	-	-	(3)	-	-
40	Customer Account - Miscellaneous	-	-	-	-	-	-	-	-
41	Sales - Demonstrating and Selling	-	-	-	-	-	-	-	-
42	A & G - Salaries	-	-	-	-	-	-	-	-
43	A & G - Office Supplies and Expenses	-	-	(2,584)	-	-	(8,981)	-	-
44	A & G - Transferred - Credit	-	-	-	-	-	-	-	-
45	A & G - Outside Services Employed	-	-	-	-	-	-	-	-
46	A & G - Property Insurance	-	-	-	-	-	-	-	-
47	A & G - Injuries and Damages	-	-	-	-	-	(3)	-	-
48	A & G - Employee Pension and Benefits	-	-	-	(93,075)	-	-	-	-
49	A & G - Miscellaneous General Expenses	-	(1,523)	-	-	-	(65)	-	-
50	A & G - Rents	-	-	-	-	-	-	-	-
51	A & G - Maintenance of General Plant	-	-	-	-	-	(120)	-	-
52	A & G - Rate Case Expense	-	-	-	-	-	-	-	-
53	Interest On Customer Deposits	\$ (116,333)	\$ (1,523)	\$ (2,584)	\$ (93,075)	\$ -	\$ (49,493)	\$ -	\$ -
54	Other Oper. and Maint. Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	Dep. & Amort. - Citizens Acq. Discount	-	-	-	-	-	-	-	-
56	Dep. & Amort. - Intangible Plant	-	-	-	-	(299,023)	-	-	-
57	Dep. & Amort. - Transmission Plant	-	-	-	-	-	-	-	-
58	Dep. & Amort. - Distribution Plant	-	-	-	-	-	-	-	-
59	Dep. & Amort. - General Plant	-	-	-	-	-	-	-	-
60	Depreciation and Amortization	\$ -	\$ -	\$ -	\$ -	\$ (299,023)	\$ -	\$ -	\$ -
61	Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62	Payroll Tax - FUTA, SUTA, FICA & Medicare	-	-	-	-	-	-	-	-
63	Medical and Dental	-	-	-	-	-	-	-	-
64	Other	-	-	-	-	-	-	-	-
65	Taxes Other Than Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66	Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67	Total Operating Expense	\$ (116,333)	\$ (1,523)	\$ (2,584)	\$ (93,075)	\$ (299,023)	\$ (49,547)	\$ -	\$ -
68	Operating Income	\$ 116,333	\$ 1,523	\$ 2,584	\$ 93,075	\$ 299,023	\$ 49,547	\$ 110,006	\$ 900

FINAL SUMMARY OF OPERATING INCOME ADJUSTMENT - CONT'D TEST YEAR AS FILED AND ADJUSTED									
LINE NO.	DESCRIPTION	(Q) ADJ. NO. 16 CORP. COST ALLOCATION	(R) ADJ. NO. 17 UNCOL'TIBLES	(S) ADJ. NO. 18 CWIP PROP. TAXES	(T) ADJ. NO. 19 OUT OF PERIOD EXPENSES	(U) ADJ. NO. 20	(V) ADJ. NO. 21	(W) ADJ. NO. 22 INCOME TAX	(X) RUCO AS ADJUSTED
	Operating Revenue								
1	Net Sales to Ultimate Customers	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 43,061,221
2	Transportation of Gas	-	-	-	-	-	-	-	2,738,909
3	Gas Retail Revenue	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 45,800,130
4	Forfeited Discounts (Late Fees)	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 398,966
5	Miscellaneous Service Revenues	-	-	-	-	-	-	-	1,048,891
6	Other Gas Revenues	-	-	-	-	-	-	-	34,447
7	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 1,480,304
8	Total Operating Revenue	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 47,280,434
9	Purchased Gas	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 355,474
10	Transmission - Mains Expense	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	11,211
11	Transmission - Meas. and Reg. Station	-	-	-	-	-	-	-	(52,222)
12	Transmission - Maint. Compressor Stat. Equip.	-	-	-	-	-	-	-	19
13	Transmission - Oper. Super'n and Eng.	-	-	-	-	-	-	-	314,076
14	Distribution - Load Dispatching	-	-	-	-	-	-	-	162
15	Distribution - Mains and Services	-	-	-	-	-	-	-	1,287,812
16	Distribution - Meas. and Reg. Station - Gen.	-	-	-	-	-	-	-	243,368
17	Distribution - Meas. and Reg. Station - Ind.	-	-	-	-	-	-	-	149,702
18	Distribution - Meas. and Reg. Station - City	-	-	-	-	-	-	-	56,406
19	Distribution - Meter and House Regulator	-	-	-	-	-	-	-	1,308,854
20	Distribution - Customer Installations	-	-	-	-	-	-	-	536,580
21	Distribution - Other Expenses	-	-	-	-	-	-	-	1,061,493
22	Distribution - Rents	-	-	-	-	-	-	-	44,510
23	Distribution - Maint. Superv'n & Eng.	-	-	-	-	-	-	-	241,812
24	Distribution - Maintenance of Mains	-	-	-	-	-	-	-	1,054,524
25	Distribution - Maint. M & R Stat. Equip. - Gen.	-	-	-	-	-	-	-	25,804
26	Distribution - Maint. M & R Stat. Equip. - Ind.	-	-	-	-	-	-	-	2,071
27	Distribution - Maint. M & R Equip. - City Gate	-	-	-	-	-	-	-	849
28	Distribution - Maintenance of Services	-	-	-	-	-	-	-	462,837
29	Distribution - Maint. of Meters and Reg.	-	-	-	-	-	-	-	166,849
30	Distribution - Maintenance of Other Equip.	-	-	-	-	-	-	-	96,857
31	Customer Account - Supervision	-	-	-	-	-	-	-	73,894
32	Customer Account - Meter Reading	-	-	-	-	-	-	-	715,238
33	Customer Account - Records and Collection	-	-	-	-	-	-	-	4,851,342
34	Customer Account - Uncollectibles	-	-	-	-	-	-	-	627,051
			(95,583)						

FINAL
SUMMARY OF OPERATING INCOME ADJUSTMENT - CONT'D
TEST YEAR AS FILED AND ADJUSTED

LINE NO.	DESCRIPTION	(Q) ADJ. NO. 16 CORP. COST ALLOCATION	(R) ADJ. NO. 17 UNCOL'TIBLES	(S) ADJ. NO. 18 CWIP	(T) ADJ. NO. 19 OUT OF PERIOD EXPENSES	(U) ADJ. NO. 20 LEGAL EXPENSE	(V) ADJ. NO. 21	(W) ADJ. NO. 22 INCOME TAX	(X) RUCO AS ADJUSTED
35	Continued								
36	Customer Account - Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,372
37	Customer Account - Superv'n - Cust. Service	-	-	-	-	-	-	-	14,877
38	Customer Account - Assistance	-	-	-	-	-	-	-	(34,299)
39	Customer Account - Info and Instruct. Advert.	-	-	-	-	-	-	-	65,791
40	Customer Account - Miscellaneous	-	-	-	-	-	-	-	22,802
41	Sales - Demonstrating and Selling	-	-	-	-	-	-	-	558
42	A & G - Salaries	-	-	-	-	-	-	-	1,409,872
43	A & G - Office Supplies and Expenses	-	-	-	-	-	-	-	1,236,177
44	A & G - Transferred - Credit	-	-	-	-	-	-	-	(152,950)
45	A & G - Outside Services Employed	-	-	-	-	(311,051)	-	-	2,368,183
46	A & G - Property Insurance	-	-	-	-	-	-	-	6,086
47	A & G - Injuries and Damages	-	-	-	-	-	-	-	539,598
48	A & G - Employee Pension and Benefits	-	-	-	-	-	-	-	2,209,189
49	A & G - Miscellaneous General Expenses	(12,765)	-	-	(21,120)	-	-	-	970,444
50	A & G - Rents	-	-	-	-	-	-	-	109,053
51	A & G - Maintenance of General Plant	-	-	-	-	-	-	-	169,706
52	A & G - Rate Case Expense	-	-	-	-	-	-	-	83,867
53	Interest On Customer Deposits	-	-	-	-	-	-	-	170,459
54	Other Oper. and Maint. Expense	\$ (12,765)	\$ (95,583)	\$ -	\$ (21,120)	\$ (311,051)	\$ -	\$ -	\$ 22,503,286
55	Dep. & Amort. - Citizens Acq. Discount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(729,791)
56	Dep. & Amort. - Intangible Plant	-	-	-	-	-	-	-	872,261
57	Dep. & Amort. - Transmission Plant	-	-	-	-	-	-	-	(15,454)
58	Dep. & Amort. - Distribution Plant	-	-	-	-	-	-	-	5,203,389
59	Dep. & Amort. - General Plant	-	-	-	-	-	-	-	1,243,507
60	Depreciation and Amortization	\$ -	\$ -	\$ (166,884)	\$ -	\$ -	\$ -	\$ -	\$ 6,573,912
61	Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,598,743
62	Payroll Tax - FUTA, SUTA, FICA & Medicare	-	-	-	-	-	-	-	517,024
63	Medical and Dental	-	-	-	-	-	-	-	86,130
64	Other	-	-	-	-	-	-	-	2,711
65	Taxes Other Than Income Taxes	\$ -	\$ -	\$ (166,884)	\$ -	\$ -	\$ -	\$ -	\$ 4,204,808
66	Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,448,158	\$ 3,423,955
67	Total Operating Expense	\$ (12,765)	\$ (95,583)	\$ (166,884)	\$ (21,120)	\$ (311,051)	\$ -	\$ 1,448,158	\$ 37,060,935
68	Operating Income	\$ 12,765	\$ 95,583	\$ 166,884	\$ 21,120	\$ 311,051	\$ -	\$ (1,448,158)	\$ 10,219,499

FINAL
OPERATING INCOME ADJUSTMENT NO. 3
TEST-YEAR DEPRECIATION EXPENSE ON GROSS PLANT IN SERVICE

LINE NO.	ACCT. NO.		(A) RUCO TOTAL PLANT AS ADJUSTED	(B) CO. PROPOSED DEPRECIATION RATE	(C) TEST YEAR DEPREC'N EXPENSE
		Intangible:			
1	302	Franchises & Consents	\$ 388,336	3.95%	\$ 15,339
2	303	Miscellaneous Intangible	278,208	5.84%	16,247
3		Total Intangible Plant	<u>\$ 666,544</u>		<u>\$ 31,587</u>
4		Company As Filed (Company Workpapers)			88,927
5		Difference (Line 4 - Line 3)			<u>\$ (57,341)</u>
6		RUCO Adjustment To Depreciation Expense - Intangibles (Line 5) (See RLM-7, Page 2, Column (D))			<u>\$ (57,341)</u>
		Transmission :			
7	365	Land & Rights	\$ 57,047	1.38%	\$ 787
8	366	Structures & Improvements	173	1.55%	3
9	367	Mains	\$ 17,776,724	1.53%	271,984
10	369	Measuring And Reg. Equipment	708,968	1.54%	10,918
11	371	Other Equipment	\$ (4,929)	2.49%	(123)
12		Total Transmission Plant	<u>\$ 18,537,982</u>		<u>\$ 283,569</u>
13		Company As Filed (Company Workpapers)			285,187
14		Difference (Line 13 - Line 12)			<u>\$ (1,618)</u>
15		RUCO Adjustment To Depreciation Expense - Transmission (Line 14) (See RLM-7, Page 2, Column (D))			<u>\$ (1,618)</u>
		Distribution:			
16	374	Land & Rights	\$ 122,018	0.93%	\$ 1,135
17	375	Structures & Improvements	9,258	1.93%	179
18	376	Mains	130,369,008	2.07%	2,698,638
19	378	Meas. And Reg. Equip. - General	1,974,545	2.97%	58,644
20	379	Meas. And Reg. Equip. - City Gate	2,196,467	2.36%	51,837
21	380	Services	65,723,278	2.82%	1,853,396
22	381	Meters	11,940,511	2.02%	241,198
23	382	Meter Installation	5,707,065	2.36%	134,687
24	383	Regulators	2,903,996	2.56%	74,342
25	384	Regulator Installation	849,725	2.80%	23,792
26	385	Industrial Measuring Equipment	1,151,303	2.70%	31,085
27	387	Other Equipment	1,144,688	3.01%	34,455
28		Total Distribution Plant	<u>\$ 224,091,863</u>		<u>\$ 5,203,389</u>
29		Company As Filed (Company Workpapers)			5,631,142
30		Difference (Line 29 - Line 28)			<u>\$ (427,753)</u>
31		RUCO Adjustment To Depreciation Expense - Distribution (Line 30)(See RLM-7, Page 2, Column (D))			<u>\$ (427,753)</u>
		General:			
32	389	Land & Rights	\$ 721,923	4.93%	\$ 35,591
33	390	Structures & Improvements	5,121,466	4.93%	252,488
34	391	Office Furniture & Equipment	9,770,346	4.89%	477,770
35	392	Transportation Equipment	5,267,360	4.24%	223,336
36	393	Stores Equipment	119,781	14.71%	17,620
37	394	Tools, Shop And Garage Equip.	1,972,088	3.03%	59,754
38	395	Laboratory Equipment	654,368	3.64%	23,819
39	396	Power Operated Equipment	499,123	9.29%	46,369
40	397	Communication Equipment	1,034,320	10.49%	108,500
41	398	Miscellaneous Equipment	285,357	6.11%	17,435
42	399	Other Tangible Property	104,680	4.01%	4,198
43		Total General Plant	<u>\$ 25,550,811</u>		<u>\$ 1,266,880</u>
44		Company As Filed (Company Workpapers)			1,104,251
45		Difference (Line 44 - Line 43)			<u>\$ 162,629</u>
46		RUCO Adjustment To Depreciation Expense - General (Line 45) (See RLM-7, Page 2, Column (D))			<u>\$ 162,629</u>
44		TOTAL ADJUSTMENT			<u>\$ (324,083)</u>

FINAL
OPERATING INCOME ADJUSTMENT NO. 4
NORMALIZATION OF POSTAGE EXPENSES

(A)

LINE NO.	DESCRIPTION	REFERENCE	POSTAGE
	Postage Associated With Customer Records and Collections		
1	Actual Test-Year Costs	Company Workpapers	\$ 426,102
2	Actual Number Of Test-Year Customer Bills	Company Schedule H-2	1,632,576
3	Cost Per Customer Bill	Line 1 / Line 2	\$ 0.2610
4	RUCO Annualized Number Of Test-Year Customer Bills	RLM-15, Column (C)	1,669,426
5	RUCO Adjusted Postage Costs For Annualized Customer Base	Line 3 X Line 4	\$ 435,720
	Postage Associated With Office Expenses		
6	Actual Test-Year Costs	Company Workpapers	\$ 19,070
7	Total RUCO Adjusted Test-Year Postage Costs	Line 5 + Line 6	\$ 454,790
8	January 8, 2006 Postage Increase		5.00%
9	RUCO Total Adjusted Postage Cost	Line 7 + 5.00% Increase	\$ 477,530
10	May 14, 2007 Postage Increase		5.13%
11	RUCO Total Adjusted Postage Cost	Line 9 + 5.00% Increase	502,018
12	Company As Filed	Company Workpapers	529,380
13	Difference	Line 12 - Line 11	\$ (27,362)
14	RUCO Adjustment (See RLM-7, Pages 1 & 2, Column (E))	Line 13	<u>\$ (27,362)</u>

**FINAL
OPERATING INCOME ADJUSTMENT NO. 5
CUSTOMER SERVICE COST ALLOCATION**

LINE NO.	ACCT NO.	ACCOUNT DESCRIPTION	(A) COMPANY AS FILED	(B) ALLOCATION FACTOR	(C) RUCO AS ADJUSTED	(D) RUCO ADJUSTMENT
1	403	Depreciation Expense	\$ 30,202	3.23%	\$ 6,830	\$ (23,373)
2	408	Taxes Other Than Income Tax	33,577	3.59%	7,593	(25,984)
3	903	Customer Records & Collection Expenses	633,713	67.71%	143,300	(490,413)
4	920	A & G - Salaries	32,869	3.51%	7,433	(25,437)
5	921	Office Supplies & Expenses	14,416	1.54%	3,260	(11,157)
6	922	Administrative Expenses Transferred	172	0.02%	39	(133)
7	923	Outside Services	3,307	0.35%	748	(2,559)
8	924	Property Insurance	1,717	0.18%	388	(1,329)
9	925	Injuries & Damages	379	0.04%	86	(293)
10	926	Pensions & Benefits	185,531	19.82%	41,954	(143,577)
11	408	Co. Wp's "Property Tax" page 2				(2,455)
12		TOTAL	<u>\$ 935,884</u>	<u>100.00%</u>	<u>\$ 211,629</u>	<u>\$ (726,710)</u>
13		RUCO Adjustment (See RLM-7, Pages 1 & 2, Column (F) For Distribution)				<u>\$ (726,710)</u>

NOTE:

RUCO Calculated The Annual Customer Service Costs Of \$211,629 By Multiplying the Company's Four-Month Test-Year Expenses As Stated In Its Response To RUCO Data Request 6.13 Of \$70,543 By 3 To Equal \$211,629 Annually (See Column (C), Line 12)

References:

Column (A): Company Workpapers
Column (B): Individual Account Allocation Based On Percentage Of Each Account To Total
Column (C): RUCO Adjusted Customer Service Cost Allocated By Allocation Factors In Column (B)
Column (D): Column (C) - (A)

UNS Gas Corporation
Docket No. G-04204A-06-0463
Test Year Ended December 31, 2005

Schedule FINAL RLM-11
Page 1 of 1

FINAL
OPERATING INCOME ADJUSTMENT NO. 6
RUCO ADJUSTMENT TO REMOVE UNECESSARY/INAPPROPRIATE EXPENSES

			(A)
LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
Expenses Removed			
1	Account 874 - Distribution Expense - Mains & Services:	Co. Response To STAFF Data Request 5.58	\$ (1,592)
2	Account 880 - Distribution Expense - Other:	RUCO Workpapers - "WP RLM-11-880 (1 - 4)"	(27,217)
3	Account 921 - A & G Expense - Office Supplies:	RUCO Workpapers - "WP RLM-11-921 (1 - 16)"	(107,076)
4	Account 923 - A & G Expense - Outside Services Employed:	RUCO Workpapers - "WP RLM-11-923 (1 - 2)"	(14,738)
5	Account 926 - A & G Expense - Pension & Benefits	RUCO Workpapers - "WP RLM-11-926 (1)"	(6,230)
6	Account 930 - A & G Expense - Miscellaneous General Expenses:	RUCO Workpapers - "WP RLM-11-930 (1 - 5)"	(76,494)
7	Total Expenses Removed	Sum Of Lines 1 Thru 6	<u>\$ (233,347)</u>
8	RUCO Adjustment (See RLM-7, Pages 1 & 2, Column (G) For Distribution)	Line 7	<u>\$ (233,347)</u>

**FINAL
OPERATING INCOME ADJUSTMENT NO. 7
PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	(A)	(B)
	Calculation Of The Company's Full Cash Value:		
1	Net Plant In Service (RLM-3, Column (H), Line 7)		\$ 161,045,981
2	Licensed Transportation (Company Workpapers)	\$ (3,224,086)	
3	Land Cost And Rights (Company Workpapers)	(414,955)	
4	Environmental Property (Company Workpapers)	(3,766,890)	
5	Land FCV Per ADOR (Company Workpapers)	697,806	
6	Material And Supplies (Company Workpapers)	<u>2,039,798</u>	
7	COMPANY'S FULL CASH VALUE (Sum Of Lines 1 Thru 6)		<u>\$ 156,377,654</u>
	Calculation Of The Company's Tax Liability:		
8	Assessment Ratio (Per House Bill 2779)	24.0%	
9	Assessed Value (Line 7 X Line 8)	\$ 37,530,637	
10	Average Tax Rate (Company Workpapers)	<u>9.47%</u>	
13	PROPERTY TAX Excluding Environmental Property (Line 9 X Line 10)		\$ 3,555,915
14	Environmental Property (Line 4)	\$ 3,766,890	
15	Statutory FCV Adjustment (Company Workpapers)	50%	
16	Environmental Property FVC (Line 14 X Line 15)	\$ 1,883,445	
17	Assessment Ratio Line 8)	24.0%	
18	Taxable Value (Line 16 X Line 17)	\$ 452,027	
19	Average Tax Rate (Company Workpapers)	<u>9.47%</u>	
20	PROPERTY TAX On Environmental Property (Line 18 X Line 19)		\$ 42,828
21	PROPERTY TAX On Leased Property (Company Workpapers)		
22	COMPANY PROPERTY TAX LIABILITY (Sum Of Lines 13, 20 & 21)		<u>\$ 3,598,743</u>
23	Test Year Adjusted Property Tax Expense Per Company's Filing (Co. Workpapers Pg 2, L 2)	\$ 3,908,052	
24	Decrease In Property Tax Expense (Line 22 - Line 23)	<u>\$ (309,309)</u>	
25	RUCO ADJUSTMENT TO PROPERTY TAX EXPENSE (Line 24) (See RLM-7, Pages 1 & 2, Column (H))		<u>\$ (309,309)</u>

FINAL
ADJUSTMENT TO REMOVE NON-RECURRING/ATYPICAL EXPENSES
EXPENSES REMOVED FROM ACCOUNT 921

LINE NO.	(A) GENERAL LEDGER PERIOD	(B) PA EXPENDITURE COMMENT	(C) NOTES	(D) NET AMOUNT
1	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	\$ 270.48
2	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	197.58
3	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	151.50
4	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	151.50
5	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	151.50
6	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	108.68
7	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	225.27
8	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	296.37
9	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	227.25
10	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	303.00
11	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	98.79
12	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	98.79
13	11/14/2005	HOLIDAY INNS EXPRESS	M.A.R.C. Training (Union Training)	303.00
14	TOTAL		Sum Of Lines 1 Thru 13	<u>\$ 2,583.71</u>
15	RUCO Adjustment (See RLM-7, Pages 3 & 4, Column (K))		Line 14	<u>\$ (2,584)</u>

**FINAL
OPERATING INCOME ADJUSTMENT NO. 22
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Schedule RLM-6, Column (C), Line 10 + Line 8	\$ 13,643,154
	LESS:		
2	Arizona State Tax	Line 11	(618,050)
3	Interest Expense	Note (A) Line 22	(4,773,323)
4	Federal Taxable Income	Sum Of Lines 1, 2 & 3	\$ 8,251,781
5	Federal Tax Rate	Schedule RLM-2, Column (A), Line 9	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ 2,805,605</u>
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 13,643,154
	LESS:		
8	Interest Expense	Note (A) Line 22	(4,773,323)
9	State Taxable Income	Line 7 + Line 8	\$ 8,869,831
10	State Tax Rate	Tax Rate	6.9680%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ 618,050</u>
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ 2,805,605
13	State Income Tax Expense	Line 11	618,050
14	Total Income Tax Expense Per RUCO	Sum Of Lines 12 & 13	<u>\$ 3,423,655</u>
15	Total Income Tax Expense Per Company Filing (Schedule C-1)		1,975,497
16	Difference	Line 14 - Line 15	<u>\$ 1,448,158</u>
17	RUCO ADJUSTMENT TO INCOME TAX EXPENSE (See RLM 7, Page 6, Column (W))	Line 16	<u>\$ 1,448,158</u>
NOTE (A):			
	Interest Synchronization:		
18	Adjusted Rate Base (Schedule RLM-3, Column (H), Line 16)	\$ 144,646,160	
19	Weighted Cost Of Debt (Schedule RLM-16, Column (F), Line 1 + Line 2)	3.30%	
20	Interest Expense (Line 20 X Line 21)	<u>\$ 4,773,323</u>	

FINAL
 RATE DESIGN AND PROOF OF RUCO RECOMMENDED REQUIRED REVENUE

LINE NO.	(A) DESCRIPTION	(B) SCH. NO.	(C) RUCO ADJUSTED BILL COUNT	(D) WEATHERIZED SALES (THERMS)	(E) BASIC SERVICE CHARGE	(F) COM. CHARGE	(G) BASIC SERVICE CHARGE	(H) COMMODITY CHARGE	(I) TOTAL MARGIN	(J) FIXED ALLOCATION FACTORS	(K) VARIABLE ALLOCATION FACTORS	(L) RES/COM ALLOCATION FACTORS
1	Residential Service	R-10	973,181		\$ 8.34		\$ 8,113,648	\$	\$ 8,113,648	64.11%		
2	Basic Service Charge per Month - Summer		485,638		\$ 8.34		\$ 4,133,925	\$	\$ 4,133,925	32.87%	97.17%	
3	Basic Service Charge per Month - Winter											
4	Commodity Charge All Therms		1,469,020	69,822,061		\$ 0.29688	\$ 20,714,528	\$ 20,714,528	\$ 20,714,528			
	Total Residential Service			69,822,061			\$ 12,247,570	\$ 20,714,528	\$ 32,962,101			
4	Residential Service Cares	R-12	33,439		\$ 8.34		\$ 278,760	\$	\$ 278,760	2.20%		
5	Basic Service Charge per Month - Summer		15,476		\$ 8.34		\$ 129,027	\$	\$ 129,027	1.02%		
6	Basic Service Charge per Month - Winter											
7	Commodity Charge All Therms		48,915	2,036,847		\$ 0.29688	\$ 604,283	\$ 604,283	\$ 604,283		2.83%	
	Total Residential Service Cares			2,036,847			\$ 407,817	\$ 604,283	\$ 1,012,100			
8	SUB-TOTAL RESIDENTIAL		1,517,935	71,858,907			\$ 12,655,390	\$ 21,318,811	\$ 33,974,201	100.00%	100.00%	70.00%
9	Small Volume Commercial Service	C-20	133,275		\$ 34.46		\$ 4,592,054	\$	\$ 4,592,054	84.87%		
10	Basic Service Charge per Month							\$ 5,472,634	\$ 5,472,634			
11	Commodity Charge per Therm		133,275	29,392,577		\$ 0.18619	\$ 4,592,054	\$ 5,472,634	\$ 10,064,689		58.90%	
	Total Small Volume Commercial Service			29,392,577			\$ 4,592,054	\$ 5,472,634	\$ 10,064,689			
12	Large Volume Commercial Service & Trans.	C-22	225		\$ 265.03		\$ 59,570	\$	\$ 59,570	1.10%		
13	Basic Service Charge per Month							\$ 497,148	\$ 497,148			
14	Commodity Charge per Therm		225	4,170,979		\$ 0.11919	\$ 59,570	\$ 497,148	\$ 556,719		5.44%	
	Total Large Volume Commercial Service			4,170,979			\$ 59,570	\$ 497,148	\$ 556,719			
15	Small Volume Industrial Service	I-30	146		\$ 34.46		\$ 5,046	\$	\$ 5,046	0.09%		
16	Basic Service Charge per Month							\$ 83,135	\$ 83,135			
17	Commodity Charge per Therm		146	474,530		\$ 0.17508	\$ 5,046	\$ 83,135	\$ 88,182		0.91%	
	Total Small Volume Industrial Service			474,530			\$ 5,046	\$ 83,135	\$ 88,182			
18	Large Volume Industrial Service	I-32	238		\$ 265.03		\$ 63,158	\$	\$ 63,158	1.16%		
19	Basic Service Charge per Month							\$ 1,508,698	\$ 1,508,698		16.51%	
20	Commodity Charge per Therm		238	22,586,654		\$ 0.06680	\$ 63,158	\$ 1,508,698	\$ 1,571,856			
	Total Large Volume Industrial Service			22,586,654			\$ 63,158	\$ 1,508,698	\$ 1,571,856			
21	Small Volume Public Authority	PA-40	12,795		\$ 34.46		\$ 440,860	\$	\$ 440,860	8.13%		
22	Basic Service Charge per Month							\$ 1,071,854	\$ 1,071,854			
23	Commodity Charge per Therm		12,795	5,970,369		\$ 0.18259	\$ 440,860	\$ 1,071,854	\$ 1,512,714		11.73%	
	Total Small Volume Public Authority			5,970,369			\$ 440,860	\$ 1,071,854	\$ 1,512,714			
24	Large Volume Public Authority	PA-42	113		\$ 265.03		\$ 29,835	\$	\$ 29,835	0.55%		
25	Basic Service Charge per Month							\$ 485,508	\$ 485,508		5.31%	
26	Commodity Charge per Therm		113	5,906,070		\$ 0.08220	\$ 29,835	\$ 485,508	\$ 515,344			
	Total Large Volume Public Authority			5,906,070			\$ 29,835	\$ 485,508	\$ 515,344			
27	Special Gas Light Service	PA-44	868		\$ 42.88		\$ 37,157	\$	\$ 37,157	0.89%		
28	Customer Charge Lighting Group A		3,767		\$ 51.45		\$ 193,789	\$	\$ 193,789	3.67%		
29	Customer Charge Lighting Group B		4,633				\$ 230,943	\$	\$ 230,943			
	Total Special Gas Light Service						\$ 230,943	\$	\$ 230,943			
30	Irrigation Service	IR-60	66		\$ 34.46		\$ 2,269	\$	\$ 2,269	0.04%		
31	Basic Service Charge per Month							\$ 17,699	\$ 17,699			
32	Commodity Charge per Therm		66	79,409		\$ 0.22234	\$ 2,269	\$ 17,699	\$ 19,968		0.19%	
	Total Irrigation Service			79,409			\$ 2,269	\$ 17,699	\$ 19,968		100.00%	
33	SUB-TOTAL COMMERCIAL		151,491	68,480,887			\$ 4,233,739	\$ 9,136,633	\$ 14,369,372			
34	TOTAL TARIFF SALES		1,669,426	140,339,795			\$ 18,079,126	\$ 30,455,444	\$ 48,534,573			
35												
36												
37												
38												
39												
40												
41												
42												
43												
44												

OTHER REVENUE
 TOTAL REVENUE
 RUCO PROPOSED REVENUE
 DIFFERENCE

RES. REVENUE	\$ 33,974,201	30.00%
COM. REVENUE	\$ 14,369,372	30.00%
RES. VAR. REV.	\$ 12,555,390	30.00%
COM. VAR. REV.	\$ 5,423,739	37.25%
FIXED TO TOTAL	\$ 21,318,811	62.15%
VAR. TO TOTAL	\$ 9,136,633	20.85%

FINAL

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B) PRESENT	(C) COMPANY AS FILED PROPOSED	(D) COMPANY AS FILED PROPOSED	(E) RUCO REVISED SURREBUTTAL PROPOSED	(F) RUCO REVISED SURREBUTTAL PROPOSED
REVENUE ALLOCATION							
1	RESIDENTIAL	\$ 31,123,034	70.02%	\$ 39,021,053	70.19%	\$ 33,974,201	70.00%
2	OTHER	\$ 13,323,588	29.98%	\$ 16,573,116	29.81%	\$ 14,560,372	30.00%
3	TOTAL	\$ 44,446,622	100.00%	\$ 55,594,169	100.00%	\$ 48,534,573	100.00%
ALLOCATION RATIOS							
4	FIX REVENUE	12,110,551	27.25%	\$ 28,769,014	51.70%	\$ 18,079,128	37.25%
5	VARIABLE REVENUE	32,336,071	72.75%	\$ 26,879,714	48.30%	\$ 30,455,444	62.75%
6	TOTAL	44,446,622	100.00%	\$ 55,648,727	100.00%	\$ 48,534,573	100.00%
RESIDENTIAL RATE DESIGN							
	BASIC MONTHLY CHARGE	PRESENT		COMPANY PROPOSED		RUCO PROPOSED	
7	SUMMER	\$ 7.00		MONTHS 8	\$ 20.00	\$ 8.34	
8	WINTER	\$ 7.00		MONTHS 4	\$ 11.00	\$ 8.34	
9	COMMODITY CHARGE	\$ 0.3004			\$ 0.18625	0.2967	
RESIDENTIAL BILL COMPARISONS							
	GAS CHARGE AT MARGIN + PGA COSTS AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	AVERAGE PROPOSED PGA RATES	% OF AVERAGE MONTH USAGE OF 46.59 Therms	PRESENT MONTHLY GAS COST	RUCO PROP'D MONTHLY GAS COST	RUCO PROP'D MONTHLY INCREASE	RUCO PROP'D MONTHLY % INCREASE
10		\$ 0.6467	25.00%	\$ 18.03	\$ 19.33	\$ 1.29	7.18%
11			50.00%	\$ 29.06	\$ 30.31	\$ 1.25	4.30%
12			100.00%	\$ 51.13	\$ 52.29	\$ 1.16	2.28%
13			150.00%	\$ 73.19	\$ 74.27	\$ 1.08	1.47%
14			200.00%	\$ 95.25	\$ 96.24	\$ 0.99	1.04%

**FINAL
COST OF CAPITAL**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) PERCENT	(E) COST RATE	(F) WEIGHTED COST RATE
1	Short-term Debt	N/A	\$ -	\$ -	0.00%	0.00%	0.00%
2	Long-term Debt	\$ 98,859,000	\$ -	\$ 98,859,000	50.00%	6.60%	3.30%
3	Preferred Stock	N/A	\$ -	\$ -	0.00%	0.00%	0.00%
4	Common Equity	\$ 98,859,000	\$ -	\$ 98,859,000	50.00%	9.84%	4.92%
5	TOTAL CAPITAL	<u>\$ 197,718,000</u>	<u>\$ -</u>	<u>\$ 197,718,000</u>	<u>100.00%</u>		
6	WEIGHTED COST OF CAPITAL						<u>8.22%</u>

References:

Column (A): Company Schedule D-1
Column (B): Surrebuttal Testimony, WAR
Column (C): Column (A) + Column (B)
Column (D): Column (C), Line Item / Total Capital (L5)
Column (E): Surrebuttal Testimony, WAR
Column (F): Column (D) X Column (E)